

## 37 Am. Jur. 2d Fraud and Deceit § 39

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### II. Elements and Requisites

#### B. Particular Elements or Considerations

##### 2. Relationship of Parties

## § 39. Application to particular relationships

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  1 to 7, 26

A fiduciary duty, which creates disclosure obligations, may arise formally, such as in attorney-client, partnership, and trustee relationships<sup>1</sup> or informally, through moral, social, domestic, or purely personal relationships of trust and confidence.<sup>2</sup> Since an attorney owes a fiduciary duty to a client, the attorney-client relationship is one of the most abundant good faith, requiring absolute perfect candor, openness, and honesty and the absence of any concealment or deception.<sup>3</sup>

The cases of parent and child, guardian and ward, trustee and cestui que trust, principal and agent, and attorney and client relationships are familiar instances in which the principle of fiduciary relationship applies in its strictest sense.<sup>4</sup> Typical familial relationships are not “confidential relationships” per se unless there is specific evidence of domination and control of one family member over the other.<sup>5</sup> Family relationships, where a person trusts in and relies upon a close member of his or her core family unit, may give rise to a fiduciary duty when equity requires.<sup>6</sup> While family members stand in a fiduciary relationship toward one another in a co-owned business venture,<sup>7</sup> subjective trust alone is not sufficient to establish a confidential relationship between family members for purposes of determining whether a fiduciary relationship exists.<sup>8</sup> Moreover, contrary authority exists as to the parent-child relationship, holding that such relationship, standing alone, is insufficient to create a confidential or fiduciary relationship.<sup>9</sup>

The fact of a sibling relationship does not in itself create a fiduciary status<sup>10</sup> although it may well be one of the ingredients in a situation leading to the creation of such a relationship.<sup>11</sup> Uncles and nephews do not necessarily have a confidential relationship.<sup>12</sup>

Friendship, affection, or even intimacy existing between two parties and the repose of confidence by one in the other does not necessarily create a confidential relationship<sup>13</sup> although it may be one factor in determining that such a relationship exists.<sup>14</sup>

No confidential or fiduciary relationship exists between a public official, transacting in his or her individual capacity, and another, although there is a fiduciary relationship between the official and the governmental unit which he or she serves.<sup>15</sup> An

affiliation between an educational institution as an employer, and tenured teachers as employees, does not create a cognizable fiduciary relationship, as is required for a constructive fraud claim.<sup>16</sup>

A fiduciary relationship does not ordinarily arise in an arm's length contractual agreement.<sup>17</sup> The courts generally find that parties who interact at arm's length do not have a fiduciary relationship with each other even if they are mutually interdependent businesses.<sup>18</sup> Indeed, contracting parties are generally not fiduciaries; thus, due diligence requires that each protect its own interests.<sup>19</sup> When the parties are so circumstanced or associated in a business transaction that one party must rely on the good faith and integrity of the other, a fiduciary relationship may exist despite the absence of a blood relationship.<sup>20</sup> However, the fact that a relationship between businesspersons has been a cordial one of long duration is not evidence of a confidential relationship.<sup>21</sup> The fact that one businessperson trusts another and relies upon his or her promise to perform a contract does not rise to a confidential relationship; every contract includes an element of confidence and trust that each party will faithfully perform his or her obligation under the contract.<sup>22</sup> Moreover, no confidential relationship exists between the parties to a business transaction where the parties have always dealt with each other in arm's-length transactions and where the unfavorable terms of the transaction are evident on the face of the documents signed by the parties.<sup>23</sup> Indeed a fiduciary relationship does not exist where the parties deal at arm's length since there is no duty imposed on either party to protect or benefit the other.<sup>24</sup> Where the parties are negotiating in an arm's length transaction, and each party is assumed to be protecting its own interest, no fiduciary duty arises<sup>25</sup> unless provided for by contract.<sup>26</sup> Most commercial or business relationships do not rise to the level of a confidential or fiduciary relationship when the parties are dealing over an arm's-length transaction.<sup>27</sup> Also, a mere subjective trust does not transform an arm's-length transaction into a fiduciary relationship.<sup>28</sup> Accordingly, agreements giving rise to an independent contractor relationship do not automatically give rise to fiduciary obligations supporting a claim for breach of fiduciary duty since the parties in such a relationship contract at arm's length.<sup>29</sup> Also, the existence of a cost-plus construction contract does not always create a fiduciary relationship between the contractor and the owner.<sup>30</sup>

The law does not generally recognize a fiduciary relationship between a lender/creditor and a borrower/debtor.<sup>31</sup> Also, there is no fiduciary relationship between a franchisor and a franchisee.<sup>32</sup> However, a distributorship agreement may, in some rare instances, create a confidential relationship out of which a duty of fiduciary care arises.<sup>33</sup>

A vendor-vendee relationship does not, by itself, create a fiduciary or other similar relation of trust and confidence.<sup>34</sup> The general rule is that a vendor and a vendee of property are not, by virtue of such fact, placed in a confidential relationship to each other, such as would furnish the basis for a tort action of fraud but on the contrary are presumed to be dealing at arm's length.<sup>35</sup> However, a "special" relationship has been found to exist in the case of buyers and sellers of property.<sup>36</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

There is no definitive list of the "special" relationships giving rise to fiduciary duties, as would support constructive fraud claim under Indiana law, but they include attorney and client, guardian and ward, principal and agent, pastor and parishioner, and close familial relationships. [Snyder v. Smith](#), 7 F. Supp. 3d 842 (S.D. Ind. 2014).

Under Oregon law, such special relationships that give rise to a fiduciary duty include certain professional relationships in which one party has a professional obligation to protect the interests of the other party, or contractual relationships of a kind that give rise to a status upon which the general law predicates a duty independent of the terms of the contract. [Giuliano v. Anchorage Advisors, LLC](#), 2014 WL 1917949 (D. Or. 2014).

Staffing company's agreement with client to provide personnel for client in various capacities did not create special relationship of trust and confidence that gave rise to informal fiduciary relationship, for purposes of client's claim for breach of fiduciary duty arising out of company employee provided to client who managed to embezzle \$15 million from client during her tenure, absent any evidence that parties were operating on any basis other than arm's length relationship and on equal terms. [Davis-Lynch, Inc. v. Asgard Technologies, LLC](#), 472 S.W.3d 50 (Tex. App. Houston 14th Dist. 2015), reh'g overruled, (Aug. 27, 2015).

**[END OF SUPPLEMENT]**

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

**Footnotes**

- <sup>1</sup> [La Ventana Ranch Owners' Ass'n, Inc. v. Davis](#), 363 S.W.3d 632 (Tex. App. Austin 2011), reh'g overruled, (Feb. 1, 2012) and review denied, (Aug. 17, 2012).
- <sup>2</sup> [§ 37](#).
- <sup>3</sup> [Beck v. Law Offices of Edwin J. \(Ted\) Terry, Jr., P.C.](#), 284 S.W.3d 416 (Tex. App. Austin 2009).
- <sup>4</sup> [Sheldon v. Vermonty](#), 31 F. Supp. 2d 1287 (D. Kan. 1998) (applying Kansas law); [Assilzadeh v. California Federal Bank](#), 82 Cal. App. 4th 399, 98 Cal. Rptr. 2d 176 (2d Dist. 2000).
- <sup>5</sup> [In re Estate Of Schisler](#), 316 S.W.3d 599 (Tenn. Ct. App. 2009), appeal denied, (Apr. 23, 2010) and cert. denied, 131 S. Ct. 299, 178 L. Ed. 2d 144 (2010).
- <sup>6</sup> [Young v. Fawcett](#), 376 S.W.3d 209 (Tex. App. Beaumont 2012).
- <sup>7</sup> [Braddock v. Braddock](#), 60 A.D.3d 84, 871 N.Y.S.2d 68 (1st Dep't 2009).
- <sup>8</sup> [Young v. Fawcett](#), 376 S.W.3d 209 (Tex. App. Beaumont 2012).
- <sup>9</sup> [Economopoulos v. Kolaitis](#), 259 Va. 806, 528 S.E.2d 714 (2000).
- <sup>10</sup> [Tidwell v. Richman](#), 127 F. Supp. 526 (S.D. Cal. 1953), judgment modified on other grounds, 234 F.2d 361 (9th Cir. 1956); [Hallam v. Gladman](#), 132 So. 2d 198 (Fla. 2d DCA 1961).
- <sup>11</sup> [Tidwell v. Richman](#), 127 F. Supp. 526 (S.D. Cal. 1953), judgment modified on other grounds, 234 F.2d 361 (9th Cir. 1956).
- <sup>12</sup> [Garcia v. Vera](#), 342 S.W.3d 721 (Tex. App. El Paso 2011).
- <sup>13</sup> [Blackburn v. Allen](#), 218 Cal. App. 2d 30, 32 Cal. Rptr. 211 (2d Dist. 1963).
- <sup>14</sup> [Epperly v. Johnson](#), 734 N.E.2d 1066 (Ind. Ct. App. 2000); [Kalb v. Norsworthy](#), 428 S.W.2d 701 (Tex. Civ. App. Houston 1st Dist. 1968).
- <sup>15</sup> [Harrell v. Powell](#), 249 N.C. 244, 106 S.E.2d 160 (1958).
- <sup>16</sup> [Lasher v. Albion Cent. School Dist.](#), 38 A.D.3d 1197, 833 N.Y.S.2d 791 (4th Dep't 2007).
- <sup>17</sup> [Morgan v. Green-Save, Inc.](#), 2 So. 3d 648 (Miss. Ct. App. 2008).
- <sup>18</sup> [Crumley & Associates, P.C. v. Charles Peed & Associates, P.A.](#), 730 S.E.2d 763 (N.C. Ct. App. 2012).
- <sup>19</sup> [Via Net v. TIG Ins. Co.](#), 211 S.W.3d 310 (Tex. 2006).
- <sup>20</sup> [NYTCO Services, Inc. v. Wilson](#), 351 So. 2d 875, 23 U.C.C. Rep. Serv. 25 (Ala. 1977); [Stevens v. Marco](#), 147 Cal. App. 2d 357, 305 P.2d 669 (2d Dist. 1956).
- <sup>21</sup> [Gregar v. Kelly](#), 355 S.W.3d 223 (Tex. App. Houston 1st Dist. 2011).
- <sup>22</sup> [Gregar v. Kelly](#), 355 S.W.3d 223 (Tex. App. Houston 1st Dist. 2011).

- 23 Trevino v. Sample, 565 S.W.2d 93 (Tex. Civ. App. El Paso 1978), writ refused n.r.e., (Sept. 13, 1978).
- 24 Hogan v. Provident Life and Acc. Ins. Co., 665 F. Supp. 2d 1273 (M.D. Fla. 2009) (applying Florida law); High Valley Concrete, L.L.C. v. Sargent, 149 Idaho 423, 234 P.3d 747 (2010); Lindley v. McKnight, 349 S.W.3d 113 (Tex. App. Fort Worth 2011) (arm's-length transactions entered for the parties' mutual benefit do not establish a basis for imposing a fiduciary relationship).
- 25 Snow Pallet, Inc. v. Monticello Banking Co., 367 S.W.3d 1 (Ky. Ct. App. 2012); Camp St. Mary's Assn. of W. Ohio Conference of the United Methodist Church, Inc. v. Otterbein Homes, 176 Ohio App. 3d 54, 2008-Ohio-1490, 889 N.E.2d 1066 (3d Dist. Auglaize County 2008).
- 26 Coto Settlement v. Eisenberg, 593 F.3d 1031 (9th Cir. 2010) (applying Washington law); Dembeck v. 220 Cent. Park South, LLC, 33 A.D.3d 491, 823 N.Y.S.2d 45 (1st Dep't 2006).
- 27 Brass Metal Products, Inc. v. E-J Enterprises, Inc., 189 Md. App. 310, 984 A.2d 361 (2009); Cole v. Wellmark of South Dakota, Inc., 2009 SD 108, 776 N.W.2d 240 (S.D. 2009).
- 28 LeBlanc v. Lange, 365 S.W.3d 70 (Tex. App. Houston 1st Dist. 2011).
- 29 In re Maxxim Medical Group, Inc., 434 B.R. 660 (Bankr. M.D. Fla. 2010)(applying Florida law).
- 30 Garrison v. CC Builders, Inc., 2008 WY 34, 179 P.3d 867 (Wyo. 2008).
- 31 AM Cosmetics, Inc. v. Solomon, 67 F. Supp. 2d 312 (S.D. N.Y. 1999) (applying New York law); Knapp v. American General Finance Inc., 111 F. Supp. 2d 758 (S.D. W. Va. 2000) (applying West Virginia law); Huntington Mortg. Co. v. DeBrotta, 703 N.E.2d 160 (Ind. Ct. App. 1998) (lender/borrower); Farm Credit Services of Michigan's Heartland, P.C.A. v. Weldon, 232 Mich. App. 662, 591 N.W.2d 438 (1998); New Jersey Economic Development Authority v. Pavonia Restaurant, Inc., 319 N.J. Super. 435, 725 A.2d 1133 (App. Div. 1998); AJW Partners LLC v. Itronics Inc., 68 A.D.3d 567, 892 N.Y.S.2d 46 (1st Dep't 2009).
- 32 Akkaya v. Prime Time Transp., Inc., 45 A.D.3d 616, 845 N.Y.S.2d 827 (2d Dep't 2007); Red Roof Inns, Inc. v. Murat Holdings, L.L.C., 223 S.W.3d 676 (Tex. App. Dallas 2007) (applying Louisiana law).  
No fiduciary relationship existed between a manufacturer and a franchisee or between a manufacturer and a distributor where neither the franchisee nor distributor actually reposed trust in the manufacturer. Haynes Trane Service Agency, Inc. v. American Standard, Inc., 573 F.3d 947 (10th Cir. 2009) (applying Colorado law).
- 33 Abernathy-Thomas Engineering Co. v. Pall Corp., 103 F. Supp. 2d 582 (E.D. N.Y. 2000) (applying New York law).
- 34 James v. Mercea, 152 Idaho 914, 277 P.3d 361 (2012).
- 35 Mitchell v. Ford Motor Credit Co., 68 F. Supp. 2d 1315, 40 U.C.C. Rep. Serv. 2d 744 (N.D. Ga. 1998) (applying Georgia law); Sabhari v. Sapari, 1998 SD 35, 576 N.W.2d 886 (S.D. 1998).
- 36 Epperly v. Johnson, 734 N.E.2d 1066 (Ind. Ct. App. 2000).

## 37 Am. Jur. 2d Fraud and Deceit III A Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

[Topic Summary](#) | [Correlation Table](#)

## Research References

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  [27, 28](#)


### A.L.R. Library

A.L.R. Index, Concealment

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

A.L.R. Index, Tricks and Trickery

West's A.L.R. Digest, [Fraud](#)  [27, 28](#)

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 40

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 40. Modes of communication of representation

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Fraudulently producing a false impression upon the mind of another person is the gist of deceit,<sup>1</sup> and where this is accomplished, it is not important whether the means of accomplishing it are the words or acts of the defendant.<sup>2</sup> In other words, if deception is accomplished, the form of deceit is immaterial.<sup>3</sup> Equity is not concerned with the means by which fraud is done; rather, it deals with the results arising from the fraud.<sup>4</sup>

Fraud may be found from a variety of circumstances, and there is no general rule for determining what facts will constitute it,<sup>5</sup> but it is to be found or not found according to the special circumstances of each particular case.<sup>6</sup>

With regard to modes of perpetration, the methods of defrauding may be broadly classified as misrepresentation, concealment, or false pretenses.<sup>7</sup> The law recognizes that fraud can occur by omission and places on one who undertakes to disclose material information a duty to disclose that information fully.<sup>8</sup> However, fraud cannot be the basis of an action if it appears that the party alleging the fraud had equal and ample opportunity to prevent it and yet made it possible through its failure to exercise due diligence.<sup>9</sup>

It does not matter, as far as the right of action is concerned, whether the means of accomplishing a deception are complex or simple, that is, a deep-laid scheme of swindling or a direct falsehood; a combined effort of a number of associates or the sole effort of a solitary individual, provided the deception is effected, and the damage complained of is the consequence of the deception.<sup>10</sup> Fraud can consist of anything calculated to deceive, whether by a single act or a combination<sup>11</sup> or whether it be by direct falsehood or innuendo.<sup>12</sup>

### Observation:

Misrepresentations made indirectly to an injured party can serve as the basis for an action for fraud as well as an action for negligent misrepresentation.<sup>13</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

The gist of a fraudulent misrepresentation is the producing of a false impression upon the mind of the other party, and, if this result is accomplished, the means of its accomplishment are immaterial. [Sutton v. David Stanley Chevrolet, Inc., 2020 OK 87, 475 P.3d 847 \(Okla. 2020\)](#), as corrected, (Oct. 21, 2020).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> § 27.
- <sup>2</sup> [Noved Realty Corp. v. A.A.P. Co., 250 A.D. 1, 293 N.Y.S. 336 \(1st Dep't 1937\)](#).
- <sup>3</sup> [Kaze v. Compton, 283 S.W.2d 204 \(Ky. 1955\)](#).
- <sup>4</sup> [Madison Square Garden Corp. v. Universal Pictures Co., 255 A.D. 459, 7 N.Y.S.2d 845 \(1st Dep't 1938\)](#).
- <sup>5</sup> § 1.
- <sup>6</sup> [Citizens Sav. and Loan Ass'n v. Fischer, 67 Ill. App. 2d 315, 214 N.E.2d 612 \(5th Dist. 1966\)](#).
- <sup>7</sup> [Downey v. Finucane, 205 N.Y. 251, 98 N.E. 391 \(1912\)](#).
- <sup>8</sup> [Pitts Sales, Inc. v. King World Productions, Inc., 383 F. Supp. 2d 1354 \(S.D. Fla. 2005\) \(applying Florida law\)](#).
- <sup>9</sup> [Martin v. Centre Pointe Investments, Inc., 310 Ga. App. 253, 712 S.E.2d 638 \(2011\)](#).
- <sup>10</sup> [Berkowitz v. Lyons, 98 N.J.L. 198, 119 A. 20 \(N.J. Ct. Err. & App. 1922\)](#); [Pennebaker v. Kimble, 126 Or. 317, 269 P. 981 \(1928\)](#).
- <sup>11</sup> [Smith v. The Equitable, 27 F. Supp. 2d 565 \(E.D. Pa. 1998\) \(applying Pennsylvania law\)](#).
- <sup>12</sup> [Delahanty v. First Pennsylvania Bank, N.A., 318 Pa. Super. 90, 464 A.2d 1243 \(1983\)](#).
- <sup>13</sup> [Gouveia v. Citicorp Person-to-Person Financial Center, Inc., 101 N.M. 572, 686 P.2d 262 \(Ct. App. 1984\)](#). As to the elements of actions for fraud and negligent misrepresentation, see §§ 22 to 30.

## 37 Am. Jur. 2d Fraud and Deceit § 41

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 41. Modes of communication of representation—Words or conduct

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Fraud may be established not only by spoken or written words but by conduct covering almost the full range of human experiences.<sup>1</sup> Stated differently, a party need not make an affirmative statement to be liable for fraud.<sup>2</sup> Thus, fraud may consist of a misrepresentation,<sup>3</sup> that is, the positive assertion of a falsehood;<sup>4</sup> the creation of a false impression by words or acts;<sup>5</sup> look, or gesture;<sup>6</sup> artifice;<sup>7</sup> any trick or device;<sup>8</sup> or, under certain circumstances, by reckless statements made without knowing or caring whether they are true or not.<sup>9</sup>

Conversely, a practice may carry the capacity to mislead or deceive a reasonable person but may not be fraudulent.<sup>10</sup>

### Observation:

Puffing is permissible only where an ordinary person would not be deceived by the exaggerated claims, and the ordinary person must recognize the puffery for what it is and realize that he or she is not expected to rely on the claims made.<sup>11</sup>

For fraud in the inducement of an investment decision to be actionable, the affirmative intent to deceive must be shown; thus, at the very least, intentional or deceptive conduct must be shown.<sup>12</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes



- <sup>1</sup> U.S. v. Schwab, 88 F. Supp. 2d 1275 (D. Wyo. 2000) (applying Wyoming law; active conduct or words which tend to produce an erroneous impression); *McDaniel v. Shepherd*, 577 N.E.2d 239 (Ind. Ct. App. 1991); *Reis v. Peabody Coal Co.*, 997 S.W.2d 49 (Mo. Ct. App. E.D. 1999) (applying Kentucky law); *H-D Irrigating, Inc. v. Kimble Properties, Inc.*, 2000 MT 212, 301 Mont. 34, 8 P.3d 95 (2000); *Sipa Press, Inc. v. Star-Telegram Operating, Ltd.*, 181 Misc. 2d 550, 694 N.Y.S.2d 850 (Sup 1999) (allegation of fraud in the inducement may be based on an act or conduct by a defendant that is intended to deceive the plaintiff).
- <sup>2</sup> *Meade v. Cedarapids, Inc.*, 164 F.3d 1218 (9th Cir. 1999) (applying Oregon law).
- <sup>3</sup> §§ 59 to 62.
- <sup>4</sup> *Berkowitz v. Lyons*, 98 N.J.L. 198, 119 A. 20 (N.J. Ct. Err. & App. 1922); *Pennebaker v. Kimble*, 126 Or. 317, 269 P. 981 (1928).
- <sup>5</sup> *Berkowitz v. Lyons*, 98 N.J.L. 198, 119 A. 20 (N.J. Ct. Err. & App. 1922); *Pennebaker v. Kimble*, 126 Or. 317, 269 P. 981 (1928).
- <sup>6</sup> *Prime Bldg. Corp. v. Itron, Inc.*, 22 F. Supp. 2d 440 (E.D. Pa. 1998) (applying Pa. law); *Delahanty v. First Pennsylvania Bank, N.A.*, 318 Pa. Super. 90, 464 A.2d 1243 (1983).
- <sup>7</sup> *Lewin v. Long*, 70 F. Supp. 2d 534 (D.N.J. 1999) (applying Texas law).
- <sup>8</sup> *Berkowitz v. Lyons*, 98 N.J.L. 198, 119 A. 20 (N.J. Ct. Err. & App. 1922); *Pennebaker v. Kimble*, 126 Or. 317, 269 P. 981 (1928).
- <sup>9</sup> §§ 122, 122.
- <sup>10</sup> *Gaidon v. Guardian Life Ins. Co. of America*, 94 N.Y.2d 330, 704 N.Y.S.2d 177, 725 N.E.2d 598 (1999).
- <sup>11</sup> *Potamkin Cadillac Corp. v. Towne Cadillac Corp.*, 592 F. Supp. 801 (S.D. N.Y. 1984).
- <sup>12</sup> *Russell v. Southern National Foods, Inc.*, 754 So. 2d 1246 (Miss. 2000).

## 37 Am. Jur. 2d Fraud and Deceit § 42

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 42. Modes of communication of representation—Suppression or concealment of truth

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Fraud may consist of a concealment or suppression of the truth,<sup>1</sup> or a suggestion of falsehood and a suppression of truth together.<sup>2</sup> It may be perpetrated by silence where there is a duty to speak<sup>3</sup> or by half-truths calculated to mislead.<sup>4</sup> Fraud encompasses any omission or concealment calculated to deceive.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Lewin v. Long](#), 70 F. Supp. 2d 534 (D.N.J. 1999) (applying Texas law); [Guilbeault v. R.J. Reynolds Tobacco Co.](#), 84 F. Supp. 2d 263 (D.R.I. 2000) (applying Rhode Island law); [Howarth v. Rockingham Pub. Co., Inc.](#), 20 F. Supp. 2d 959 (W.D. Va. 1998).  
As to concealment, see §§ [194](#) to [204](#).
- <sup>2</sup> [Citizens Sav. and Loan Ass'n v. Fischer](#), 67 Ill. App. 2d 315, 214 N.E.2d 612 (5th Dist. 1966).
- <sup>3</sup> [§ 198](#).
- <sup>4</sup> [§ 203](#).
- <sup>5</sup> [Farm Credit Bank of St. Louis v. Isringhausen](#), 210 Ill. App. 3d 724, 155 Ill. Dec. 235, 569 N.E.2d 235 (4th Dist. 1991).

## 37 Am. Jur. 2d Fraud and Deceit § 43

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 43. Procuring breach of contract or preventing its fulfillment; fraudulent breach of contract

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

#### A.L.R. Library

[Punitive damages for interference with contract or business relationship, 44 A.L.R.4th 1078](#)

[Liability for interference with invalid or unenforceable contract, 96 A.L.R.3d 1294](#)

[Liability for procuring breach of contract, 26 A.L.R.2d 1227](#) (secs. 6, 7 superseded in part by [Liability for interference with invalid or unenforceable contract, 96 A.L.R.3d 1294](#), and sec. 45 superseded in part by [Punitive damages for interference with contract or business relationship, 44 A.L.R.4th 1078](#))

Liability for procuring a breach of contract exists where the violation of the contract has been procured by misrepresentation or fraud.<sup>1</sup> To prove a cause of action for breach of contract accompanied by a fraudulent act, a plaintiff must show: (1) a breach of contract; (2) fraudulent intent relating to the breaching of the contract and not merely to its making; and (3) a fraudulent act accompanying the breach.<sup>2</sup> Certainly, having a contract is a prerequisite to proving a breach of contract accompanied by a fraudulent act.<sup>3</sup> Fraud may also be predicated on the action of a contracting party in deliberately and wrongfully making it impossible for himself or herself to perform the contract.<sup>4</sup>

On the other hand, the fraudulent breach of a contract does not give rise to an action for fraud, and therefore, where the only fraud charged relates to a breach of the contract and not to its inducement or making, no action for fraud exists.<sup>5</sup> Clearly, the breach of a void agreement is not a fraud in law.<sup>6</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

- <sup>1</sup> Voss v. Becko, 192 F.2d 827 (8th Cir. 1951); Klauder v. Cregar, 327 Pa. 1, 192 A. 667 (1937); Keels v. Powell, 207 S.C. 97, 34 S.E.2d 482 (1945).
- <sup>2</sup> Armstrong v. Collins, 366 S.C. 204, 621 S.E.2d 368 (Ct. App. 2005).
- <sup>3</sup> Armstrong v. Collins, 366 S.C. 204, 621 S.E.2d 368 (Ct. App. 2005).
- <sup>4</sup> Masini v. Quilici, 67 Nev. 333, 218 P.2d 946 (1950).
- <sup>5</sup> Regnell v. Page, 54 A.D.2d 540, 387 N.Y.S.2d 253 (1st Dep't 1976).
- <sup>6</sup> Woolley v. Stewart, 222 N.Y. 347, 118 N.E. 847 (1918).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 44

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 44. Fraudulently procuring judgment

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Where a judgment has been set aside for fraud in its procurement,<sup>1</sup> and the plaintiff can prove damage suffered on account of the obtaining of such judgment by fraud, an action may then be maintained for such damages.<sup>2</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Am. Jur. 2d, Judgments § 19.](#)

<sup>2</sup> [Schlotthauer v. Sanders, 153 A.D.2d 729, 545 N.Y.S.2d 196 \(2d Dep't 1989\).](#)

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 45

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 45. Taking unconscionable or undue advantage of another

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Even where there is no actual fraud, courts of equity will frequently relieve against hard and unconscionable contracts that have been procured by taking advantage of the condition, circumstances, or necessities of the other party,<sup>1</sup> especially if such contracts are made by parties acting in a fiduciary capacity<sup>2</sup> or if the party imposed upon has a mental deficiency or weakness.<sup>3</sup> Accordingly, fraud, wherever found and in whatever guise, will not be permitted to give an inequitable advantage to the one who has consciously perpetrated the fraud.<sup>4</sup>

Not all foolish transactions are fraudulent, however, and it is not the duty or within the power of the courts to relieve a person from a contract merely because it is in its terms unwise or even foolish.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Swiney v. Womack](#), 343 Ill. 278, 175 N.E. 419 (1931); [Griffin v. Griffin](#), 125 Vt. 425, 217 A.2d 400 (1965).

<sup>2</sup> [Gray v. Gray](#), 246 Ala. 627, 22 So. 2d 21 (1945); [Griffin v. Griffin](#), 125 Vt. 425, 217 A.2d 400 (1965).

<sup>3</sup> § 31.

<sup>4</sup> [Scarborough v. Atlantic Coast Line R. Co.](#), 178 F.2d 253, 15 A.L.R.2d 491 (4th Cir. 1949).

<sup>5</sup> [Woods v. Griffin](#), 204 Ark. 514, 163 S.W.2d 322 (1942).



## 37 Am. Jur. 2d Fraud and Deceit § 46

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 46. Exercise of legal right; inducing lawful or unlawful act

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

On the principle that in doing a lawful thing in a lawful way no legal right is invaded,<sup>1</sup> actual fraud cannot be predicated upon acts which by law a party has a right to do nor upon nonperformance of acts which by law he or she is not bound to do.<sup>2</sup> Stated otherwise, there is no fraud where there is nothing done which is wrong,<sup>3</sup> and fraud cannot be deduced or inferred from that which the law pronounces to be honest.<sup>4</sup> A motive of indirect gain does not infect a transaction with fraud.<sup>5</sup> Not only can fraud not be predicated upon acts which the party charged has a right by law to do,<sup>6</sup> provided the party pursues such right by lawful means,<sup>7</sup> but also it cannot be premised upon the nonperformance of acts which by law the party is not bound to do, whatever may be the motive, design, or purpose, either in doing or not doing the acts complained of.<sup>8</sup>

One who has been induced to do that which the law would have otherwise required him or her to do cannot claim to have been defrauded.<sup>9</sup> On the other hand, one who by fraudulent misrepresentation induces another to do an act which would be lawful if the representation were true, but which is in fact unlawful, is liable to the other for the loss which he or she incurs in consequence of the unlawfulness of the act thus induced.<sup>10</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> Am. Jur. 2d, Actions § 48.

<sup>2</sup> Claysburg II Towers v. Benchmark Claysburg, 953 F. Supp. 861 (N.D. Ohio 1996) (applying Indiana law); Maynard v. 84 Lumber Co., 657 N.E.2d 406 (Ind. Ct. App. 1995).

<sup>3</sup> Crosby v. Wenzoski, 164 Ga. App. 266, 296 S.E.2d 162 (1982); Meyer v. Schmidt, 135 Neb. 850, 284 N.W. 337 (1939).

<sup>4</sup> First Nat. Bank v. Bryn Mawr Beach Bldg. Corp., 365 Ill. 409, 6 N.E.2d 654, 109 A.L.R. 1123 (1937); Meyer v. Schmidt, 135 Neb. 850, 284 N.W. 337 (1939); Montgomery v. Phillips Petroleum Co., 49 S.W.2d 967 (Tex. Civ. App.



Amarillo 1932), writ refused, (July 19, 1932).

5 § 33.

6 Voss v. Stranahan, 248 Mich. 390, 227 N.W. 542 (1929); Montgomery v. Phillips Petroleum Co., 49 S.W.2d 967 (Tex. Civ. App. Amarillo 1932), writ refused, (July 19, 1932); Papanikolas v. Sampson, 73 Utah 404, 274 P. 856 (1929).

7 Montgomery v. Phillips Petroleum Co., 49 S.W.2d 967 (Tex. Civ. App. Amarillo 1932), writ refused, (July 19, 1932); Papanikolas v. Sampson, 73 Utah 404, 274 P. 856 (1929).

8 State Bd. of Medical Examiners v. Morlan, 147 Fla. 695, 3 So. 2d 402 (1941); Montgomery v. Phillips Petroleum Co., 49 S.W.2d 967 (Tex. Civ. App. Amarillo 1932), writ refused, (July 19, 1932).

9 § 274.

10 Restatement Second, Torts § 557.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 47

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### A. In General

## § 47. Accomplishing by fraud what one could do by lawful means; fraudulent acquisition of property to apply on debt

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Although fraud cannot be predicated upon the doing by lawful means of that which one has a legal right to do,<sup>1</sup> a person will not be permitted to accomplish by fraud that which he or she would be justified in doing by lawful means. Thus, a creditor will not be allowed, by practicing a fraud, to acquire the title to the property of his or her debtor even with the purpose of crediting its value on a just debt.<sup>2</sup> Also, the giving of a false and fraudulent check in payment of the purchase price of personal property, with the intent that after obtaining possession of the property by such means, the notes of the seller, barred from collection by bankruptcy, would be offset against the purchase price without the consent of the seller, or that a discount from the purchase price would be forced in settlement, is a fraud on the seller for which he or she may rescind the sale and recover his or her property.<sup>3</sup>

#### Observation:

To commit fraud in pursuit of a lawful end is nevertheless to commit fraud.<sup>4</sup>

#### Footnotes

<sup>1</sup> § 46.

<sup>2</sup> [Ditton v. Purcell, 21 N.D. 648, 132 N.W. 347 \(1911\).](#)

<sup>3</sup> [Ditton v. Purcell, 21 N.D. 648, 132 N.W. 347 \(1911\).](#)

<sup>4</sup> [U.S. v. Krenzelo, 874 F.2d 480, 28 Fed. R. Evid. Serv. 277 \(7th Cir. 1989\).](#)

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit III B Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

[Topic Summary](#) | [Correlation Table](#)

## Research References

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28


### A.L.R. Library

A.L.R. Index, Concealment

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

A.L.R. Index, Tricks and Trickery

West's A.L.R. Digest, [Fraud](#)  27, 28

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 48

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 48. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Enforceability of transaction entered into pursuant to referral sales arrangement](#), 14 A.L.R.3d 1420

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 58](#) (Complaint in federal court—Diversity of citizenship—Fraudulent representations and concealment in furtherance of “vanity publishing” scheme—Against publisher)

A fraud may be perpetrated by false pretenses or by any trick or device calculated to injure another,<sup>1</sup> or by artifice,<sup>2</sup> or scheme calculated to injure another.<sup>3</sup> The common characteristic of cases involving fraudulent devices or false pretenses is the deprivation of another of a right, money, or property by artful and deceptive words and acts which, when the facts are known, were more or less obviously said or done with intent to defraud.<sup>4</sup> In several instances, “referral sales” arrangements—a device by which purchases are induced on the representation that the cost to the buyer will be reduced by commissions the buyer will earn by referring the seller to other prospects for similar sales—have been deemed fraudulent.<sup>5</sup>

Although from a standpoint of civil responsibility, false pretenses may be made in numerous miscellaneous ways in diverse transactions,<sup>6</sup> the most frequent occurrences of such wrongful conduct are the purchase or acquisition of goods with the preconceived intent not to pay for them,<sup>7</sup> and the making of a promise with the intent at the time it is made, not to perform it.<sup>8</sup>

A person who has been induced by artifice to do that which the law would otherwise have compelled him or her to do cannot claim to have been defrauded.<sup>9</sup>

**Observation:**

A fraudulent scheme to obtain money cannot be deemed consummated before the perpetrators have obtained the fruits of their illegal acts.<sup>10</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- <sup>1</sup> Downey v. Finucane, 205 N.Y. 251, 98 N.E. 391 (1912).
- <sup>2</sup> In re Felber's Estate, 193 Or. 231, 238 P.2d 203, 31 A.L.R.2d 231 (1951).
- <sup>3</sup> U.S. v. Norton, 108 F.3d 133 (7th Cir. 1997).  
As to conspiracy to defraud, see Am. Jur. 2d, Conspiracy § 63.
- <sup>4</sup> Cerny v. Paxton & Gallagher Co., 78 Neb. 134, 110 N.W. 882 (1907).
- <sup>5</sup> Matthews v. Aluminum Acceptance Corp., 1 Mich. App. 570, 137 N.W.2d 280 (1965); Schow v. Guardtone, Inc., 18 Utah 2d 135, 417 P.2d 643 (1966).
- <sup>6</sup> § 49.
- <sup>7</sup> §§ 55 to 58.
- <sup>8</sup> §§ 94 to 100.
- <sup>9</sup> § 274.
- <sup>10</sup> GLM Corp. v. Klein, 684 F. Supp. 1242 (S.D. N.Y. 1988).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 49

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 49. Fraud as to nature or contents of contract or other instrument

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Seller's liability for fraud in connection with contract for the sale of long-term dancing lessons](#), 28 A.L.R.3d 1412

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 187](#) (Complaint, petition, or declaration—For rescission—Fraud in procuring deed—Deed represented as being another type of instrument)

A fraudulent device, the effects of which have been frequently and consistently remedied in the courts, in the absence of negligence barring relief, is willful misstatement or conduct which deliberately gives an erroneous impression as to the nature or contents of a document or written instrument.<sup>1</sup> In all cases (including negotiable instruments, as between the parties), assuming the absence of facts which will create an estoppel,<sup>2</sup> or of facts negating a right to rely and disclosing negligence under the circumstances, which facts are not usually held to exist where deliberate deception or artifice is practiced,<sup>3</sup> any willful misreading of the terms of the instrument, or willful misrepresentation, misstatement, or other misleading conduct as to its contents, is sufficient to form a basis for a charge of fraud.<sup>4</sup> More particularly, if one knowingly misrepresents the contents of a writing,<sup>5</sup> or if the fact is established that the signer was lulled by fraud and deceit into omitting to read the document personally, a charge of fraud is maintainable by the defendant in an action upon it by one who, or whose agent, misrepresented the contents of the document.<sup>6</sup> This is particularly true where the signer is an illiterate person.<sup>7</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

A party who has the capacity and opportunity to read a written contract cannot afterwards set up fraud in the procurement of his signature to the instrument based on oral representations that differ from the terms of the contract. [Raysoni v. Payless Auto Deals, LLC](#), 323 Ga. App. 583, 753 S.E.2d 313 (2013).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Am. Jur. 2d, Contracts §§ 214 to 217; Am. Jur. 2d, Deeds §§ 167 to 171; Am. Jur. 2d, Release §§ 23, 24.](#)
- <sup>2</sup> [Hi-Pro Fish Products, Inc. v. McClure](#), 346 F.2d 497 (8th Cir. 1965); [Minneapolis Threshing Mach. Co. v. Huncovsky](#), 49 N.D. 1086, 194 N.W. 830 (1923).
- <sup>3</sup> [§§ 260, 261.](#)
- <sup>4</sup> [Guice v. Burrage](#), 156 F.2d 304 (C.C.A. 5th Cir. 1946) (execution of mineral deed upon false representation that the instrument was a copy of a mineral lease); [Hi-Pro Fish Products, Inc. v. McClure](#), 346 F.2d 497 (8th Cir. 1965).
- <sup>5</sup> [Mazuran v. Stefanich](#), 95 Cal. App. 327, 272 P. 772 (1st Dist. 1928); [City View Apartment & Storage Co. v. Neiss](#), 4 Ohio L. Abs. 466, 154 N.E. 161 (Ct. App. 9th Dist. Summit County 1926).
- <sup>6</sup> [B. E. Robuck, Inc. v. Walker](#), 212 Ga. 621, 94 S.E.2d 696 (1956); [Farm Bureau Mut. Ins. Co. of Ind. v. Seal](#), 134 Ind. App. 269, 179 N.E.2d 760 (1962).
- <sup>7</sup> [Smith v. Mosbarger](#), 18 Ariz. 19, 156 P. 79 (1916); [W.R. Grace & Co. v. Strickland](#), 188 N.C. 369, 124 S.E. 856, 35 A.L.R. 1296 (1924).  
As to competence of a party as an element of a fraud-based cause of action, see [§ 31](#).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 50

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 50. False identification or impersonation; forgery

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Legal and Procedural Issues in Prosecutions Under Federal Statutes Relating to Offense of Identity Theft](#), 4 A.L.R. Fed. 2d 365

### Trial Strategy

[Identity Theft and Other Misuses Of Credit and Debit Cards](#), 81 Am. Jur. Proof of Facts 3d 113

[Scams and Cons](#), 74 Am. Jur. Proof of Facts 3d 63

[Liability For Wrongfully Furnishing Or Obtaining A Credit Report Under The Federal Fair Credit Reporting Act](#), 44 Am. Jur. Proof of Facts 3d 287

[Forensic Identification of Handwriting](#), 27 Am. Jur. Proof of Facts 3d 489

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 43](#) (Complaint, petition, or declaration—For damages—Fraud in transfer of promissory note—Misrepresentation as to promisor's identity—Forgery)

Fraud may be predicated on a false introduction or identification.<sup>1</sup> Forgery is a method of impersonating an owner of funds and is therefore a species of fraud.<sup>2</sup> One who represents himself or herself to be another, the owner of certain property, and who feigns to dispose of such property, commits a gross fraud.<sup>3</sup> Also, one who aids another's impersonation by identifying a person as the person he or she claims to be is also guilty of fraud.<sup>4</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Union Co. v. Cobb](#), 73 Ohio L. Abs. 155, 136 N.E.2d 429 (Ct. App. 10th Dist. Franklin County 1955); [Raser v. Moomaw](#), 78 Wash. 653, 139 P. 622 (1914).

<sup>2</sup> [Eliason v. Wilborn](#), 335 Ill. 352, 167 N.E. 101, 68 A.L.R. 350 (1929), *aff'd*, 281 U.S. 457, 50 S. Ct. 382, 74 L. Ed. 962 (1930); [Union Co. v. Cobb](#), 73 Ohio L. Abs. 155, 136 N.E.2d 429 (Ct. App. 10th Dist. Franklin County 1955). As to criminal liability for false personation or forgery, see [Am. Jur. 2d, False Personation §§ 1 to 6](#); [Am. Jur. 2d, Forgery §§ 1 to 4](#).

<sup>3</sup> [Montgomery Garage Co. v. Manufacturers' Liability Ins. Co.](#), 94 N.J.L. 152, 109 A. 296, 22 A.L.R. 1224 (N.J. Ct. Err. & App. 1920).

<sup>4</sup> [Raser v. Moomaw](#), 78 Wash. 653, 139 P. 622 (1914) (identification as owner of lot).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 51

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 51. False identification or impersonation; forgery—Concealment of, or misrepresentation as to, identity of purchaser or grantee

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

#### A.L.R. Library

[Concealment, misrepresentation, or mistake as regards identity of person for whom property is purchased as ground for cancellation of deed, 6 A.L.R.2d 812](#)

In negotiating for the purchase of land, a purchaser may act through an agent, keeping his or her own identity secret, and unless misrepresentations in this regard are made by the ostensible purchaser, or he or she conceals the identity of his or her principal when the agent knows that otherwise the vendor would not deal with the purchaser, there is nothing of fraud in such practice although it may be that the vendor would not have in fact made the sale if the vendor had known for whom the purchase was being made.<sup>1</sup> A court may refuse to decree specific performance of a contract for the sale of land, where the person with whom the vendor made the contract was in fact acting for another and the personality of the party with whom the vendor dealt was of importance to him or her, or where there are elements of trust and confidence between the parties, even though there were no misrepresentations,<sup>2</sup> although it does not follow from the fact that specific performance would not have been decreed, that equity will rescind or cancel the contract.<sup>3</sup> However, fraud may be found to exist as a consequence of a misrepresentation of one of the parties to the contract concerning his or her identity where it is shown that the other party is peculiarly interested in having the property conveyed to a certain individual and none other; in such case, the identity of the grantee becomes a material matter and may be the foundation of an action for fraud for misrepresentations.<sup>4</sup> Otherwise stated, the identity of the other party to the transaction is material if the transaction would not have been consummated had the seller known who the buyer was, and if the latter either knew, or had good reason to know, of the seller's predisposition against him or her.<sup>5</sup> Thus, fraud may be predicated upon misrepresentations as to the identity of the purchaser, or as to the person for whom the ostensible purchaser acts, where the vendor would not have entered into the contract had the vendor known the true identity of the purchaser.<sup>6</sup> Where a person desiring to purchase property for a certain business purpose knows that the

owner is not willing to sell the land for such purpose, and so procures a third person to purchase the land for him or her, which person conceals from the vendor the fact that he or she is acting as intermediary in the transaction, the vendor may have the contract set aside or rescinded.<sup>7</sup>

A representation by the vendee that the vendee is the sole owner of a mercantile business operated under a firm name, when in fact the vendee is only a partner in the business, has been held sufficient to entitle the vendor to rescind the contract.<sup>8</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

- <sup>1</sup> Lenman v. Jones, 222 U.S. 51, 32 S. Ct. 18, 56 L. Ed. 89 (1911); Hall v. Bollen, 148 Ky. 20, 145 S.W. 1136 (1912); Payne v. Jennings, 144 Va. 126, 131 S.E. 209, 48 A.L.R. 628 (1926).
- <sup>2</sup> Am. Jur. 2d, Specific Performance § 68.
- <sup>3</sup> Miller v. Fulmer, 25 Pa. Super. 106, 1904 WL 3394 (1904).
- <sup>4</sup> Walker v. Galt, 171 F.2d 613, 6 A.L.R.2d 808 (5th Cir. 1948); Ash Grove Lime & Portland Cement Co. v. White, 361 Mo. 1111, 238 S.W.2d 368 (1951); Pennebaker v. Kimble, 126 Or. 317, 269 P. 981 (1928).
- <sup>5</sup> Barnes v. Eastern & Western Lumber Co., 205 Or. 553, 287 P.2d 929 (1955).
- <sup>6</sup> Walker v. Galt, 171 F.2d 613, 6 A.L.R.2d 808 (5th Cir. 1948); White Tower Management Corp. v. Taglino, 302 Mass. 453, 19 N.E.2d 700, 121 A.L.R. 1158 (1939); Ash Grove Lime & Portland Cement Co. v. White, 361 Mo. 1111, 238 S.W.2d 368 (1951).  
As to cancellation of a deed on this ground, see Am. Jur. 2d, Cancellation of Instruments §§ 13 to 18.
- <sup>7</sup> White Tower Management Corp. v. Taglino, 302 Mass. 453, 19 N.E.2d 700, 121 A.L.R. 1158 (1939); Ash Grove Lime & Portland Cement Co. v. White, 361 Mo. 1111, 238 S.W.2d 368 (1951).
- <sup>8</sup> New York Brokerage Co. v. Wharton, 143 Iowa 61, 119 N.W. 969 (1909).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 52

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 52. Enticement into jurisdiction

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Right of action for fraud, duress, or the like, causing instant plaintiff to release or compromise a cause of action against third person, 58 A.L.R.2d 500](#)

If a person is induced by artifice, fraud, or misrepresentation to come within the jurisdiction of a court for the purpose of obtaining service of process, not only will the service be set aside on motion<sup>1</sup> but also an action for damages may be maintained for the deceit.<sup>2</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Am. Jur. 2d, Process §§ 48 to 54.](#)

<sup>2</sup> [Sweet v. Kimball, 166 Mass. 332, 44 N.E. 243 \(1896\).](#)  
As to a nonresident's right to recovery for being induced by fraud to come into the state so that he or she could be arrested, see [Am. Jur. 2d, Arrest § 115.](#)



## 37 Am. Jur. 2d Fraud and Deceit § 53

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 53. Inducement to forgo enforcement of remedy

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Fraud and deceit: Liability in damages for preventing bringing of action before its being barred by statute of limitations, 33 A.L.R.3d 1077](#)

The loss, due to fraud and deceit, of a right of action against one causing the death of a person, may be the basis for the recovery of substantial damages.<sup>1</sup> Where the parties stand in a relation of trust and confidence to one another, one who is induced to stay action by false representations can recover for the fraud notwithstanding that any right of action ex contractu is unenforceable because the statutory period of limitation has elapsed.<sup>2</sup>

On the other hand, it has been held that no action lies for fraudulently preventing a person injured by another's negligence from bringing an action therefor within the time allowed by the statute of limitations since the basis of recovery would be purely speculative.<sup>3</sup> However, there is contrary authority holding that the maintenance of such an action is permissible and that the damages resulting from the fraud are not too remote and conjectural to be remediable.<sup>4</sup> The view has been expressed that false representations inducing one to refrain from instituting a civil action where the necessity for timely institution of the action is known will not support an action for fraud and deceit.<sup>5</sup>

In diverse cases, a majority of the courts have held or recognized that where one having an enforceable legal right is fraudulently prevented from bringing an action thereon until barred by a statute of limitations, a cause of action will lie for the loss suffered in consequence<sup>6</sup> although under the particular circumstances of several cases, a negative position has been taken with respect to the maintainability of such an action.<sup>7</sup>

A creditor cannot maintain an action against a third party for fraudulent representations inducing the creditor merely to

refrain from taking steps to collect the debt until collection has become impossible.<sup>8</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

- <sup>1</sup> Ware v. State Farm Mut. Auto. Ins. Co., 181 Kan. 291, 311 P.2d 316 (1957); Inman v. Merchants Mut. Cas. Co., 274 A.D. 320, 83 N.Y.S.2d 801 (3d Dep't 1948).
- <sup>2</sup> Ott v. Hood, 152 Wis. 97, 139 N.W. 762 (1913) (attorney and client).
- <sup>3</sup> Whitman v. Seaboard Air Line Ry., 107 S.C. 200, 92 S.E. 861 (1917).
- <sup>4</sup> Urtz v. New York Cent. & H.R.R. Co., 202 N.Y. 170, 95 N.E. 711 (1911).  
As to misrepresentation and fraud as affecting the running of the statute of limitations, see Am. Jur. 2d, Limitation of Actions §§ 164 to 168, 373 to 376.
- <sup>5</sup> Jackson v. Jackson, 313 S.W.2d 868 (Ky. 1958).
- <sup>6</sup> West v. Western Cas. and Sur. Co., 846 F.2d 387 (7th Cir. 1988) (applying Illinois law); Wilder v. Meyer, 779 F. Supp. 164 (S.D. Fla. 1991) (applying Florida law); Firemen's Ins. Co. of Newark, N. J. v. Jones, 245 Ark. 179, 431 S.W.2d 728, 33 A.L.R.3d 1059 (1968); Muraoka v. Budget Rent-A-Car, Inc., 160 Cal. App. 3d 107, 206 Cal. Rptr. 476 (2d Dist. 1984).
- <sup>7</sup> Werman v. Malone, 750 F. Supp. 21 (D. Me. 1990) (applying Maine law); Skipper v. U. S. Fidelity & Guaranty Co., 448 F. Supp. 74 (D.S.C. 1978) (applying South Carolina law); Beeck v. Kapalis, 302 N.W.2d 90 (Iowa 1981).
- <sup>8</sup> Miller v. Bank of Commerce, 387 S.W.2d 691 (Tex. Civ. App. Fort Worth 1965).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 54

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### B. False Pretenses and Fraudulent Devices, Schemes, and Tricks

## § 54. Fraudulently procuring settlement or release

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### A.L.R. Library

[Insurer's tort liability for acts of adjuster seeking to obtain settlement or release, 39 A.L.R.3d 739](#)

[Right of action for fraud, duress, or the like, causing instant plaintiff to release or compromise a cause of action against third person, 58 A.L.R.2d 500](#)

Where a right of action exists, and the defendant, or someone for him or her, by fraudulent representations induces the plaintiff to make a settlement or release of his or her cause for an inadequate sum, the plaintiff may either avoid the settlement or release and sue on his or her original right of action<sup>1</sup> or may sue in fraud and deceit and recover such amount as will make the settlement an honest one.<sup>2</sup> It is also a general rule that where a wrongdoer fraudulently conceals his or her wrong from the injured person, who agrees, in ignorance of the wrong, to a settlement of the accounts of the wrongdoer and the entry of a judgment or judicial decree in accordance with the agreement, the decree does not defeat an action for damages resulting from the fraud.<sup>3</sup> In the absence of knowledge of fraud in the inducement of a compromise agreement, such agreement cannot be set up by the defense to an action for the fraud on the theory that the agreement released the defendant from the fraud.<sup>4</sup> Moreover, a compromise agreement settling a judgment is held not to defeat a cause of action for damages for fraud in inducing the settlement even though no affidavit is taken as to the financial condition of the judgment debtor.<sup>5</sup> However, there are differing views on whether an action can be maintained to recover damages for fraud practiced upon the plaintiff in inducing him or her to execute a release to the defendant for personal injuries, some jurisdictions holding that the claim cannot be maintained since the fraud complained of renders the release invalid, and the original cause of action, therefore, remains to the plaintiff.<sup>6</sup> Similarly, an action for deceit for fraudulently inducing the execution of a release will not lie unless rescission will not fully protect the releasor.<sup>7</sup> Where the limitation of time within which an action must be brought is a limitation of the right and not of the remedy, an action may not be maintained, after the expiration of such time, for fraud

in obtaining a release whereby the plaintiff lost the value of his or her cause of action, in the absence of any proof of damages other than those flowing from the original wrongful act.<sup>8</sup> However, other courts have stated that the remedy of rescission is rarely adequate because the plaintiffs are often prejudiced by delay in having their claims adjudicated, and that damages for fraud are conceptually different from damages for the underlying tort claims and are not too speculative to calculate, and permit the action for fraud to be maintained; for these reasons, the claim is permissible.<sup>9</sup>

Under the prevailing view, an action for fraud and deceit may be predicated on misrepresentations by which one is induced to release or compromise a cause of action against a third person.<sup>10</sup>

**Observation:**

Although an injured party may be obligated to tender a return of the consideration received for signing a release as a prerequisite to rescission on any ground other than fraud, there is no requirement that a cause of action for rescission must be joined with one for damages for fraud<sup>11</sup> or that the consideration must be tendered back in order to maintain an action for fraud.<sup>12</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- <sup>1</sup> As to fraud as a ground for invalidating a compromise and settlement, see generally [Am. Jur. 2d, Compromise and Settlement §§ 32, 33](#).  
As to fraud vitiating a release and rescission or cancellation of the release for fraud, see [Am. Jur. 2d, Release §§ 23, 24](#).
- <sup>2</sup> [Sade v. Northern Natural Gas Co.](#), 483 F.2d 230 (10th Cir. 1973) (applying Oklahoma law); [Farm Bureau Mut. Ins. Co. of Ind. v. Seal](#), 134 Ind. App. 269, 179 N.E.2d 760 (1962).
- <sup>3</sup> [Ross v. Preston](#), 292 N.Y. 433, 55 N.E.2d 490 (1944).
- <sup>4</sup> [Brooklyn Nat. Bank of N.Y. v. Werblow](#), 263 A.D. 884, 32 N.Y.S.2d 169 (2d Dep't 1942).
- <sup>5</sup> [Deutsch v. Roy](#), 239 A.D. 714, 268 N.Y.S. 606 (1st Dep't 1934), *aff'd*, 269 N.Y. 508, 199 N.E. 510 (1935).
- <sup>6</sup> [Lomax v. Southwest Missouri Electric Ry. Co.](#), 106 Mo. App. 551, 81 S.W. 225 (1904).
- <sup>7</sup> [Shallenberger v. Motorists Mut. Ins. Co.](#), 167 Ohio St. 494, 5 Ohio Op. 2d 173, 150 N.E.2d 295 (1958).
- <sup>8</sup> [Wichita Falls & S. R. Co. v. Durham](#), 132 Tex. 143, 120 S.W.2d 803, 120 A.L.R. 1497 (Comm'n App. 1938).
- <sup>9</sup> [Matsuura v. Alston & Bird](#), 166 F.3d 1006 (9th Cir. 1999), opinion amended on other grounds on denial of reh'g, 179 F.3d 1131 (9th Cir. 1999).
- <sup>10</sup> [Indiana Ins. Co. v. Handlon](#), 216 Ind. 442, 24 N.E.2d 1003 (1940); [Ware v. State Farm Mut. Auto. Ins. Co.](#), 181 Kan. 291, 311 P.2d 316 (1957).
- <sup>11</sup> [Byrnes v. National Union Ins. Co.](#), 34 A.D.2d 872, 310 N.Y.S.2d 781 (3d Dep't 1970).
- <sup>12</sup> [Morta v. Korea Ins. Corp.](#), 840 F.2d 1452 (9th Cir. 1988); [Byrnes v. National Union Ins. Co.](#), 34 A.D.2d 872, 310 N.Y.S.2d 781 (3d Dep't 1970).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit III C Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### C. Obtaining Goods or Services with Intent Not to Pay

[Topic Summary](#) | [Correlation Table](#)

## Research References

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28


### A.L.R. Library

A.L.R. Index, Concealment

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

A.L.R. Index, Tricks and Trickery

West's A.L.R. Digest, [Fraud](#)  27, 28

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 55

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### C. Obtaining Goods or Services with Intent Not to Pay

## § 55. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 225](#) (Instruction to jury—Fraud in securing property—Purchase with intent not to pay)

It is an act of fraud to purchase or obtain goods with a preconceived intention not to pay for them,<sup>1</sup> and the same is true with purchasing or obtaining services.<sup>2</sup> To obtain goods on credit with the intent not to pay for them is as much a trick or device as it would be to falsely represent in words any material fact whereby the vendor would be induced to part with them.<sup>3</sup>

It is an act of fraud to procure money as a loan through a fraudulent scheme with the preconceived intention not to repay the loan.<sup>4</sup>

The rationale underlying the general rule has been stated as either that an application for credit is a representation of the existence of an intent to pay at a future time and a representation of the nonexistence of an intent not to pay<sup>5</sup> so that the fraud consists in the express or implied false representation of such an intention, the promise being a false means whereby the fraud is effected.<sup>6</sup> Other jurisdictions hold that the fraud consists in the concealment of the intention not to pay and that such concealment is conduct that reasonably involves a false representation of an existing fact, and that is not less material than a misrepresentation of the ability to pay and is an actual artifice, intended and fitted to deceive.<sup>7</sup>

False representations that will justify the rescission of a contract of sale and a concealment of an intention not to pay for the goods purchased are separate and distinct wrongs.<sup>8</sup>

Footnotes

- <sup>1</sup> In re White, 221 F. Supp. 64 (N.D. Cal. 1963) (applying California law); Flaherty v. Schettino, 136 Conn. 222, 70 A.2d 151 (1949); Waller Peanut Co. v. Lee County Peanut Co., 209 S.W.2d 405 (Tex. Civ. App. Austin 1948).
- <sup>2</sup> Erskine v. Chevrolet Motors Co., 185 N.C. 479, 117 S.E. 706, 32 A.L.R. 196 (1923); Hunt v. Lewis, 87 Vt. 528, 90 A. 578 (1914).
- <sup>3</sup> Kritzer v. Moffat, 136 Wash. 410, 240 P. 355, 44 A.L.R. 681 (1925).
- <sup>4</sup> Security Trust Co. of Rochester v. Voxakis, 67 Misc. 2d 143, 323 N.Y.S.2d 810 (Sup 1971).
- <sup>5</sup> Cerny v. Paxton & Gallagher Co., 78 Neb. 134, 110 N.W. 882 (1907); Waller Peanut Co. v. Lee County Peanut Co., 209 S.W.2d 405 (Tex. Civ. App. Austin 1948).
- <sup>6</sup> Cerny v. Paxton & Gallagher Co., 78 Neb. 134, 110 N.W. 882 (1907); Kritzer v. Moffat, 136 Wash. 410, 240 P. 355, 44 A.L.R. 681 (1925).
- <sup>7</sup> Erskine v. Chevrolet Motors Co., 185 N.C. 479, 117 S.E. 706, 32 A.L.R. 196 (1923).
- <sup>8</sup> German Nat. Bank of Ripon v. Princeton State Bank, 128 Wis. 60, 107 N.W. 454 (1906).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 56

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### C. Obtaining Goods or Services with Intent Not to Pay

## § 56. Intention not to pay as essence

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 225](#) (Instruction to jury—Fraud in securing property—Purchase with intent not to pay)

In every case in which the predication of fraud is based upon purchase or acquisition with the intent not to pay, the indispensable element to successful maintenance of the charge is the intention not to pay, and the proper inquiry is whether there was a preconceived design not to pay for the goods.<sup>1</sup> In more explicit language, to support a charge of fraud where a buyer is silent as to his or her financial condition and practices no artifice or deceit, the evidence must sustain a finding, or warrant the conclusion of law, that the buyer intended not to pay for the goods.<sup>2</sup> On the other hand, a mere inability to pay the price when due under the agreement does not constitute fraud<sup>3</sup> and so is a failure to pay the price when due.<sup>4</sup>

A relevant point of inquiry in cases involving an intent not to pay is the time when the intent not to pay must have existed in order to constitute a fraudulent device. It is generally held that the intention not to pay for goods purchased must have existed at the time the purchase was made; in other words, the only intent that renders the sale fraudulent is a positive and predetermined intention never to pay for the goods, entertained and acted upon at the time of going through the forms of an apparent sale.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Manly v. Ohio Shoe Co.](#), 25 F.2d 384, 59 A.L.R. 413 (C.C.A. 4th Cir. 1928); [Putterman v. Goldman](#), 197 Wis. 233,

221 N.W. 650 (1928).

<sup>2</sup> German Nat. Bank of Ripon v. Princeton State Bank, 128 Wis. 60, 107 N.W. 454 (1906).

<sup>3</sup> German Nat. Bank of Ripon v. Princeton State Bank, 128 Wis. 60, 107 N.W. 454 (1906).  
As to the effect of insolvency of the purchaser, see § 58.

<sup>4</sup> Flaherty v. Schettino, 136 Conn. 222, 70 A.2d 151 (1949).

<sup>5</sup> German Nat. Bank of Ripon v. Princeton State Bank, 128 Wis. 60, 107 N.W. 454 (1906).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 57

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### C. Obtaining Goods or Services with Intent Not to Pay

## § 57. Effect of lack of reasonable expectation of ability to pay

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

There is a conflict of authority as to whether the fact that a purchaser of goods has no reasonable expectation of being able to pay for them is equivalent to an intention on his or her part not to pay for them, some courts holding that it is equivalent to such an intention,<sup>1</sup> particularly where coupled with insolvency and concealment thereof.<sup>2</sup> Other courts hold directly to the contrary<sup>3</sup> even though the purchaser is insolvent and conceals that fact from the seller.<sup>4</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Manly v. Ohio Shoe Co.](#), 25 F.2d 384, 59 A.L.R. 413 (C.C.A. 4th Cir. 1928); [Luhrig Coal Co. v. Ludlum](#), 69 Ohio St. 311, 69 N.E. 562 (1903).

As to the presumption of an intent not to pay from a lack of reasonable expectation of being able to pay, see [§ 465](#).

<sup>2</sup> [§ 58](#).

<sup>3</sup> [German Nat. Bank of Ripon v. Princeton State Bank](#), 128 Wis. 60, 107 N.W. 454 (1906).

<sup>4</sup> [§ 58](#).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 58

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### III. Means of Perpetration

#### C. Obtaining Goods or Services with Intent Not to Pay

## § 58. Effect of insolvency and concealment thereof, or act of bankruptcy

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

The rule that an acquisition of goods with the intent not to pay therefor is fraudulent is particularly applicable where the purchaser is insolvent and conceals that fact from the seller.<sup>1</sup> The rule has been held to obtain where a person's indebtedness, to his or her knowledge, largely exceeds in amount the value of his or her property; and where the person did not intend or expect to pay and has no reasonable expectation of paying;<sup>2</sup> and where he or she is insolvent or in failing circumstances and has a preconceived intention not to pay for the goods, or no reasonable expectation of being able to do so, and fraudulently conceals or misrepresents the facts.<sup>3</sup> Thus, concealment of insolvency, with no reasonable expectation of paying, renders a sale fraudulent.<sup>4</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> Manly v. Ohio Shoe Co., 25 F.2d 384, 59 A.L.R. 413 (C.C.A. 4th Cir. 1928); J. J. Smith Lumber Co. v. Scott County Garbage Reducing & Fuel Co., 149 Iowa 272, 128 N.W. 389 (1910).  
As to the presumption of an intent not to pay, from insolvency, see § 465.
- <sup>2</sup> Luhrig Coal Co. v. Ludlum, 69 Ohio St. 311, 69 N.E. 562 (1903).
- <sup>3</sup> Manly v. Ohio Shoe Co., 25 F.2d 384, 59 A.L.R. 413 (C.C.A. 4th Cir. 1928).
- <sup>4</sup> Manly v. Ohio Shoe Co., 25 F.2d 384, 59 A.L.R. 413 (C.C.A. 4th Cir. 1928).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit IV A Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### A. In General

[Topic Summary](#) | [Correlation Table](#)

## Research References


### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  9

### A.L.R. Library

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

West's A.L.R. Digest, Fraud  9

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 59

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### A. In General

## § 59. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  9

### A.L.R. Library

[Employer's liability, under state law, for fraud or misrepresentation inducing employee to take early retirement, 14 A.L.R.5th 537](#)

[Computer sales and leases: breach of warranty, misrepresentation, or failure of consideration as defense or ground for affirmative relief, 37 A.L.R.4th 110](#)

### Trial Strategy

[Real-Estate Broker's Misrepresentation or Nondisclosure as to Condition or Value of Realty, 39 Am. Jur. Proof of Facts 3d 309](#)

[Fraudulent Representations Inducing the Purchase of a Small Business, 30 Am. Jur. Proof of Facts 3d 1](#)

[Misrepresentation in Automobile Sales, 13 Am. Jur. Trials 253](#)

False representations undoubtedly constitute the most frequent basis for actions in fraud and deceit, as well as for equitable relief on the ground of fraud.<sup>1</sup> As a general rule, making a false representation or misrepresentation of fact is one of the elements of an action for fraud.<sup>2</sup> Determinations as to the materiality<sup>3</sup> and falsity<sup>4</sup> of a statement are issues which determine whether a particular statement is actionable for fraud.

False and fraudulent misrepresentations by a seller as to the subject matter of the contract may constitute fraud for which the buyer may maintain an action for damages or rescind the sale, and as a general rule, every willful misrepresentation by the seller in respect to a fact, which affords a material inducement to the sale and operates to deceive the buyer, may be made the basis of a charge of fraud.<sup>5</sup> Furthermore, a purchaser, although ordinarily under no duty to speak unless in a confidential relationship, must refrain from making false and deceitful statements in respect to the vendor's property in order to induce the vendor to sell it.<sup>6</sup>

Fraudulent representations may play a dual role. They may be the basis for an independent action for fraud; they may also, in equity, be a basis for an equitable estoppel<sup>7</sup> barring the defendant from invoking the statute of limitations against a cause of action<sup>8</sup> for breach of fiduciary relations.<sup>9</sup>

**Observation:**

The Restatement Second, Torts defines when a misrepresentation is fraudulent in terms of the knowledge or belief of the maker; thus, a misrepresentation is fraudulent if the maker: (1) knows or believes that the matter is not as he or she represents it to be; (2) does not have the confidence in the accuracy of his or her representation that the maker states or implies; or (3) knows that he or she does not have the basis for his or her representation that the maker states or implies.<sup>10</sup> The Restatement Second, Contracts takes a similar approach but adds the qualification that the maker must also intend to induce a party to manifest his or her assent.<sup>11</sup> With respect to a representation which the maker knows to be capable of two interpretations, one of which he or she knows to be false and the other true, is fraudulent, under the Restatement Second of Torts, if it is made: (1) with the intention that it be understood in the sense in which it is false, or (2) without any belief or expectation as to how it will be understood, or (3) with reckless indifference as to how it will be understood.<sup>12</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- <sup>1</sup> Adams v. Gillig, 199 N.Y. 314, 92 N.E. 670 (1910); Alabiso v. Schuster, 273 A.D. 655, 80 N.Y.S.2d 314 (4th Dep't 1948).
- <sup>2</sup> § 24.  
Necessity that representation be of fact, see §§ 63 to 83.
- <sup>3</sup> §§ 227 to 230.
- <sup>4</sup> §§ 106 to 108.
- <sup>5</sup> Standard Motors Finance Co. v. Mitchell Auto Co., 173 Ark. 875, 293 S.W. 1026, 57 A.L.R. 877 (1927); Stallings v. Moore, 73 S.W.2d 562 (Tex. Civ. App. Fort Worth 1934); Mayer v. Rankin, 91 Utah 193, 63 P.2d 611, 110 A.L.R. 837 (1936).
- <sup>6</sup> Crompton v. Beedle, 83 Vt. 287, 75 A. 331 (1910).
- <sup>7</sup> Erbe v. Lincoln Rochester Trust Co., 13 A.D.2d 211, 214 N.Y.S.2d 849 (4th Dep't 1961).
- <sup>8</sup> Am. Jur. 2d, Limitation of Actions § 408.
- <sup>9</sup> Erbe v. Lincoln Rochester Trust Co., 13 A.D.2d 211, 214 N.Y.S.2d 849 (4th Dep't 1961).
- <sup>10</sup> § 119.

<sup>11</sup>                [Restatement Second, Contracts § 162\(1\).](#)  
As to intent to induce reliance, see [§ 110](#).

<sup>12</sup>                [Restatement Second, Torts § 527.](#)

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 60

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### A. In General

### § 60. Manner of making; implied representations

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  9

#### A.L.R. Library

[Civil liability of witness falsely attesting signature to document, 96 A.L.R.2d 1346](#)

[Misrepresentations as to financial condition or credit of third person as actionable by one extending credit in reliance thereon, 32 A.L.R.2d 184](#)

Although it has been observed that there can generally be no fraud without an express misrepresentation,<sup>1</sup> a misrepresentation may, but need not, be express;<sup>2</sup> it may be implied<sup>3</sup> or inferable from circumstances that are in fact equivalent to a positive representation.<sup>4</sup> Representations may be made by words,<sup>5</sup> i.e., an affirmative statement that is itself false;<sup>6</sup> by acts and conduct<sup>7</sup> which communicate a representation that is false and material;<sup>8</sup> or by concealing or not disclosing certain facts which render the facts that are disclosed misleading.<sup>9</sup>

#### Observation:

Some jurisdictions treat concealment of any facts that one has an obligation to disclose with the intent to defraud as having the same legal effect as an affirmative misrepresentation<sup>10</sup> while relieving a defendant of liability in tort on the basis of actual fraud or intentional concealment in the absence of a duty to disclose.<sup>11</sup>



The exhibiting of fraudulent documents<sup>12</sup> or attesting of an instrument without seeing it signed<sup>13</sup> is a representation. A recital of fact in a written memorandum of a contract is also regarded to be in the nature of a representation;<sup>14</sup> however, writing or presenting an insufficient funds check is not a false statement or misrepresentation as a check is neither a statement nor a representation.<sup>15</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

A statement that misleadingly omits critical facts is a fraudulent misrepresentation irrespective of whether the other party has expressly signaled the importance of the qualifying information. [Universal Health Services, Inc. v. U.S., 136 S. Ct. 1989 \(2016\)](#).

A person conveying a false impression by disclosing some facts and concealing others is guilty of fraud, even though the statement is true as far as it goes; the concealment is in effect a false representation that what is disclosed is the whole truth. [Croslin v. Enerlex, Inc., 2013 OK 34, 308 P.3d 1041 \(Okla. 2013\)](#).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Lilliston v. Regions Bank, 288 Ga. App. 241, 653 S.E.2d 306 \(2007\)](#).
- <sup>2</sup> [Jewell v. Seaboard Indus., Inc., 667 So. 2d 653, 28 U.C.C. Rep. Serv. 2d 168 \(Ala. 1995\)](#); [Kuhn v. Seaton, 187 Kan. 106, 353 P.2d 959 \(1960\)](#); [Weikel v. Sterns, 142 Ky. 513, 134 S.W. 908 \(1911\)](#); [Nota Const. Corp. v. Keyes Associates, Inc., 45 Mass. App. Ct. 15, 694 N.E.2d 401 \(1998\)](#).
- <sup>3</sup> [Jewell v. Seaboard Indus., Inc., 667 So. 2d 653, 28 U.C.C. Rep. Serv. 2d 168 \(Ala. 1995\)](#); [Thrifty-Tel, Inc. v. Bezenek, 46 Cal. App. 4th 1559, 54 Cal. Rptr. 2d 468 \(4th Dist. 1996\)](#); [Nota Const. Corp. v. Keyes Associates, Inc., 45 Mass. App. Ct. 15, 694 N.E.2d 401 \(1998\)](#).
- <sup>4</sup> [Kuhn v. Seaton, 187 Kan. 106, 353 P.2d 959 \(1960\)](#); [Eastern Trust & Banking Co. v. Cunningham, 103 Me. 455, 70 A. 17 \(1908\)](#); [McCray Refrigerator Co. v. Uramoto, 79 Nev. 294, 382 P.2d 600, 96 A.L.R.2d 1339 \(1963\)](#).
- <sup>5</sup> [Thrifty-Tel, Inc. v. Bezenek, 46 Cal. App. 4th 1559, 54 Cal. Rptr. 2d 468 \(4th Dist. 1996\)](#); [Brody v. Bock, 897 P.2d 769 \(Colo. 1995\)](#); [Travers v. Spidell, 682 A.2d 471 \(R.I. 1996\)](#); [Claman v. Popp, 2012 WY 92, 279 P.3d 1003 \(Wyo. 2012\)](#).
- <sup>6</sup> [Jane Doe 43C v. Diocese of New Ulm, 787 N.W.2d 680 \(Minn. Ct. App. 2010\)](#); [National Union Fire Ins. Co. of Pittsburgh, P.A. v. Red Apple Group, Inc., 273 A.D.2d 140, 710 N.Y.S.2d 48 \(1st Dep't 2000\)](#); [Hardin v. KCS Intern., Inc., 199 N.C. App. 687, 682 S.E.2d 726 \(2009\)](#).
- <sup>7</sup> [Kmart, Inc. v. Asaro, 751 So. 2d 513 \(Ala. Civ. App. 1999\) \(conduct\)](#); [Thrifty-Tel, Inc. v. Bezenek, 46 Cal. App. 4th 1559, 54 Cal. Rptr. 2d 468 \(4th Dist. 1996\)](#); [Haberstick v. Gordon A. Gundaker Real Estate Co., Inc., 921 S.W.2d 104 \(Mo. Ct. App. E.D. 1996\)](#); [Claman v. Popp, 2012 WY 92, 279 P.3d 1003 \(Wyo. 2012\)](#).
- <sup>8</sup> [Smallwood v. Fisk, 146 Or. App. 695, 934 P.2d 557 \(1997\)](#).
- <sup>9</sup> [BCCI Holdings \(Luxembourg\) Societe Anonyme v. Khalil, 56 F. Supp. 2d 14 \(D.D.C. 1999\)](#), *aff'd in part, rev'd in part and remanded on other grounds*, [214 F.3d 168 \(D.C. Cir. 2000\)](#) (applying District of Columbia law);

Seckinger-Lee Co. v. Allstate Ins. Co., 32 F. Supp. 2d 1348 (N.D. Ga. 1998) (applying Georgia law); Doe v. Archdiocese of St. Paul & Minneapolis, 801 N.W.2d 203 (Minn. Ct. App. 2011), review granted, (Sept. 20, 2011) and rev'd on other grounds, 817 N.W.2d 150 (Minn. 2012).

<sup>10</sup> Banco Nacional Ultramarino, S.A. v. Chan, 169 Misc. 2d 182, 641 N.Y.S.2d 1006 (Sup 1996), order aff'd, 240 A.D.2d 253, 659 N.Y.S.2d 734 (1st Dep't 1997).

For the purpose of establishing a negligent misrepresentation claim, the element of an affirmative representation by defendant may consist of nonverbal conduct under certain circumstances. Shaw v. Brown & Williamson Tobacco Corp., 973 F. Supp. 539 (D. Md. 1997) (applying Maryland law).

As to what constitutes concealment and when a duty to disclose exists, see §§ 194 to 226.

<sup>11</sup> Harding County, S.D. v. Frithiof, 575 F.3d 767 (8th Cir. 2009) (applying South Dakota law).

<sup>12</sup> Eisert v. Town of Hempstead, 918 F. Supp. 601 (E.D. N.Y. 1996) (applying New York law); Bundesen v. Lewis, 291 Ill. App. 83, 9 N.E.2d 327 (1st Dist. 1937), judgment rev'd on other grounds, 368 Ill. 623, 15 N.E.2d 520 (1938) (maps or plats).

<sup>13</sup> McCray Refrigerator Co. v. Uramoto, 79 Nev. 294, 382 P.2d 600, 96 A.L.R.2d 1339 (1963).

<sup>14</sup> Corry v. Sylvia y Cia, 192 Ala. 550, 68 So. 891 (1915).

<sup>15</sup> Wadsworth, Inc. v. Schwarz-Nin, 951 F. Supp. 314 (D.P.R. 1996) (applying Puerto Rico law).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 61

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### A. In General

## § 61. Construction of language used

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  9

The scope of particular representations is a matter of construction. In the construction of a representation, the language used is to be interpreted by the effect that it would produce upon an ordinary mind,<sup>1</sup> and words will be given their usual and natural meaning<sup>2</sup> since that is the sense in which the person using them must be presumed to have intended them to be understood.<sup>3</sup> Consideration will be given to the nature of the representation and the meaning of the language used as applied to the subject matter and as interpreted by the surrounding circumstances.<sup>4</sup> Statements comprising an alleged misrepresentation must be viewed in their entirety to adequately resolve the question of whether a misrepresentation has occurred.<sup>5</sup> A plaintiff must exercise ordinary intelligence to determine the truth or real quality of the subject of a representation.<sup>6</sup>

Where the evidence relied upon to prove fraud is equally consistent with innocence, that construction must be placed upon it which will exonerate the accused party.<sup>7</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> Downey v. Finucane, 205 N.Y. 251, 98 N.E. 391 (1912).

<sup>2</sup> Monier v. Guaranty Trust Co. of New York, 82 F.2d 252, 104 A.L.R. 912 (C.C.A. 2d Cir. 1936).

<sup>3</sup> Davis v. Louisville Trust Co., 181 F. 10 (C.C.A. 6th Cir. 1910).

<sup>4</sup> Mortarino v. Consultant Engineering Services, Inc., 251 Va. 289, 467 S.E.2d 778 (1996).

<sup>5</sup> Wilson v. First Union Nat. Bank of Georgia, 716 So. 2d 722 (Ala. Civ. App. 1998).

<sup>6</sup> Madison Home Equities, Inc. v. Echeverria, 266 A.D.2d 435, 698 N.Y.S.2d 703 (2d Dep't 1999).

<sup>7</sup> § 483.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 62

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### A. In General

## § 62. Questions of law and fact

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  9

No hard and fast rule can be laid down as to what constitutes a fraudulent representation in any particular case. The result, of necessity, depends upon the peculiar circumstances and conditions involved.<sup>1</sup>

Questions for the jury arise when one attempts to prove the specific facts with reference to a representation, which must be proved in establishing fraud in the making of such representation.<sup>2</sup> Issues of fact are presented upon a conflict in the evidence as to whether a representation alleged to have been made by the party charged with fraud was in fact made by that party<sup>3</sup> and whether it was false.<sup>4</sup> Ambiguity in a representation presents questions of fact for determination by the jury as to the meaning of the statement and the meaning which the person making it intended it should convey to the person to whom it was made.<sup>5</sup>

On the other hand, the question whether a representation is actionable as a fraud or deceit of which cognizance is taken by the court for the purpose of a grant of relief may be entirely one of law<sup>6</sup> as where it appears without dispute in the evidence that the representation was only a statement of the opinion or belief of the person making it, not to be relied upon as a statement of fact.<sup>7</sup> Moreover, the materiality of a false representation may sometimes be determined by the court as a question of law.<sup>8</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Bareham & McFarland v. Kane](#), 228 A.D. 396, 240 N.Y.S. 123 (4th Dep't 1930).

<sup>2</sup> [Monsanto Chemical Works v. American Zinc, Lead & Smelting Co.](#), 253 S.W. 1006 (Mo. 1923).

<sup>3</sup> [Monsanto Chemical Works v. American Zinc, Lead & Smelting Co.](#), 253 S.W. 1006 (Mo. 1923); [Halsey v. Minnesota-South Carolina Land & Timber Co.](#), 174 S.C. 97, 177 S.E. 29, 100 A.L.R. 1 (1934).

<sup>4</sup> [Worcester Felt Pad Corp. v. Tucson Airport Authority](#), 233 F.2d 44, 59 A.L.R.2d 1121 (9th Cir. 1956); [Roberts v. James](#), 83 N.J.L. 492, 85 A. 244 (N.J. Ct. Err. & App. 1912).

<sup>5</sup> §§ 106, 109.

<sup>6</sup> [Monsanto Chemical Works v. American Zinc, Lead & Smelting Co., 253 S.W. 1006 \(Mo. 1923\).](#)

<sup>7</sup> § 70.

<sup>8</sup> § 230.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit IV B Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### B. Necessity that Representation Be of Fact; Opinions

[Topic Summary](#) | [Correlation Table](#)

## Research References

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

### A.L.R. Library

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

West's A.L.R. Digest, Fraud  11

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 63

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

###### 1. In General

### § 63. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

As a general rule, in order to constitute actionable fraud, a false representation must relate to a past<sup>1</sup> or present<sup>2</sup> (sometimes referred to as “existing”<sup>3</sup> or “preexisting”)<sup>4</sup> material<sup>5</sup> fact.<sup>6</sup> A representation that relates to future conduct is generally not actionable.<sup>7</sup> However, a promise to do an act in the future, when coupled with a present intent not to fulfill the promise, has been recognized as an exception to the general rule that a misrepresentation must relate to an existing or past fact.<sup>8</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> Trooien v. Mansour, 608 F.3d 1020 (8th Cir. 2010) (applying Minnesota law); National Union Fire Ins. Co. of Pittsburgh, PA v. Cambridge Integrated Services Group, Inc., 171 Cal. App. 4th 35, 89 Cal. Rptr. 3d 473 (1st Dist. 2009); Clinton County ex rel. Bd. of Com'rs of County of Clinton v. Clements, 945 N.E.2d 721 (Ind. Ct. App. 2011), transfer denied, 962 N.E.2d 643 (Ind. 2011); Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009); Kurtzenacker v. Davis Surveying, Inc., 2012 MT 105, 365 Mont. 71, 278 P.3d 1002 (2012); Italian Cowboy Partners, Ltd. v. Prudential Ins. Co. of America, 341 S.W.3d 323 (Tex. 2011).

<sup>2</sup> Trooien v. Mansour, 608 F.3d 1020 (8th Cir. 2010) (applying Minnesota law); Clinton County ex rel. Bd. of Com'rs of County of Clinton v. Clements, 945 N.E.2d 721 (Ind. Ct. App. 2011), transfer denied, 962 N.E.2d 643 (Ind. 2011); Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009); Italian Cowboy Partners, Ltd. v. Prudential Ins. Co. of America, 341 S.W.3d 323 (Tex. 2011).

<sup>3</sup> Petrohawk Properties, L.P. v. Chesapeake Louisiana, L.P., 689 F.3d 380 (5th Cir. 2012) (applying Louisiana law); Bennett v. MIS Corp., 607 F.3d 1076 (6th Cir. 2010) (applying Michigan law); National Union Fire Ins. Co. of Pittsburgh, PA v. Cambridge Integrated Services Group, Inc., 171 Cal. App. 4th 35, 89 Cal. Rptr. 3d 473 (1st Dist. 2009); Clinton County ex rel. Bd. of Com'rs of County of Clinton v. Clements, 945 N.E.2d 721 (Ind. Ct. App. 2011), transfer denied, 962 N.E.2d 643 (Ind. 2011); Valspar Refinish, Inc. v. Gaylord's, Inc., 764 N.W.2d 359, 68 U.C.C.



Rep. Serv. 2d 567 (Minn. 2009); Kurtzenacker v. Davis Surveying, Inc., 2012 MT 105, 365 Mont. 71, 278 P.3d 1002 (2012); Flandera v. AFA America, Inc., 78 A.D.3d 1639, 913 N.Y.S.2d 441 (4th Dep't 2010); Sales v. Kecoughtan Housing Co., Ltd., 279 Va. 475, 690 S.E.2d 91 (2010).

<sup>4</sup> Pearson v. Garrett-Evangelical Theological Seminary, Inc., 790 F. Supp. 2d 759, 272 Ed. Law Rep. 947 (N.D. Ill. 2011) (applying Illinois law); Supervalu, Inc. v. Johnson, 276 Va. 356, 666 S.E.2d 335 (2008).

<sup>5</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Trooien v. Mansour, 608 F.3d 1020 (8th Cir. 2010) (applying Minnesota law); Lawson v. Harris Culinary Enterprises, LLC, 83 So. 3d 483 (Ala. 2011); National Union Fire Ins. Co. of Pittsburgh, PA v. Cambridge Integrated Services Group, Inc., 171 Cal. App. 4th 35, 89 Cal. Rptr. 3d 473 (1st Dist. 2009); Clinton County ex rel. Bd. of Com'rs of County of Clinton v. Clements, 945 N.E.2d 721 (Ind. Ct. App. 2011), *transfer denied*, 962 N.E.2d 643 (Ind. 2011); Kurtzenacker v. Davis Surveying, Inc., 2012 MT 105, 365 Mont. 71, 278 P.3d 1002 (2012).

<sup>6</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Trooien v. Mansour, 608 F.3d 1020 (8th Cir. 2010) (applying Minnesota law); Lawson v. Harris Culinary Enterprises, LLC, 83 So. 3d 483 (Ala. 2011); National Union Fire Ins. Co. of Pittsburgh, PA v. Cambridge Integrated Services Group, Inc., 171 Cal. App. 4th 35, 89 Cal. Rptr. 3d 473 (1st Dist. 2009); American United Life Ins. Co. v. Douglas, 808 N.E.2d 690 (Ind. Ct. App. 2004).

<sup>7</sup> §§ 84, 85, 86.

<sup>8</sup> § 94.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 64

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

###### 1. In General

## § 64. What constitutes statement of fact

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

Neither a statement of policy<sup>1</sup> nor a casual expression of belief<sup>2</sup> is equivalent to a representation of fact, and thus, no claim for fraud may be maintained on such a statement as a false representation of facts. Moreover, no claim of fraud may be made if it rests on a representation of a religious doctrine or belief, even if insincerely made, since the Federal Constitution's First Amendment prohibits courts from determining the veracity of religious tenets.<sup>3</sup>

As a predicate for a fraud action, a representation must be definite; mere vague, general, or indefinite statements are insufficient.<sup>4</sup>

### Caution:

An omission may constitute a material representation for purposes of determining fraud.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Martens v. Minnesota Min. & Mfg. Co.](#), 616 N.W.2d 732 (Minn. 2000) (employer's dual ladder system for compensating and promoting technical and administrative employees).

<sup>2</sup> Vega v. Jones, Day, Reavis & Pogue, 121 Cal. App. 4th 282, 17 Cal. Rptr. 3d 26 (2d Dist. 2004).

<sup>3</sup> Tilton v. Marshall, 925 S.W.2d 672 (Tex. 1996).

<sup>4</sup> Shroyer v. New Cingular Wireless Services, Inc., 622 F.3d 1035 (9th Cir. 2010) (applying California law); Pig Imp. Co., Inc. v. Middle States Holding Co., 943 F. Supp. 392, 31 U.C.C. Rep. Serv. 2d 422 (D. Del. 1996); Tate v. Colony House Builders, Inc., 257 Va. 78, 508 S.E.2d 597 (1999).

<sup>5</sup> In re House of Drugs, Inc., 251 B.R. 206 (Bankr. D. N.J. 2000) (applying New Jersey law).  
As to concealment, generally, see §§ 194 to 226.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 65

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

###### 1. In General

### § 65. Exception as to expression of opinion; what constitutes opinion, generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

#### A.L.R. Library

[Misrepresentations as to financial condition or credit of third person as actionable by one extending credit in reliance thereon, 32 A.L.R.2d 184](#)

#### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 219](#) (Instruction—Expression of opinion not a representation)

The principle is fundamental that fraud cannot be predicated upon the mere expression of an opinion,<sup>1</sup> which is understood by the representee to be only that<sup>2</sup> or which cannot reasonably be understood to be anything else.<sup>3</sup> This rule applies to representations in regard to matters of judgment,<sup>4</sup> estimate,<sup>5</sup> guess,<sup>6</sup> and probability,<sup>7</sup> as well as to projections and expectations.<sup>8</sup> Mere exaggeration is not actionable as fraud.<sup>9</sup> The person to whom such statements are made has no right to rely upon them and he or she does so at his or her peril,<sup>10</sup> and it cannot be supposed that they influenced his or her judgment.<sup>11</sup> Additionally, expressions of opinion are insufficient to authorize a recovery for fraudulent misrepresentation because such expressions are deemed not to be material to a transaction.<sup>12</sup>

There are qualifications and exceptions to these general rules,<sup>13</sup> each one growing out of the need of preventing the successful

perpetration of fraud.<sup>14</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Under New York law, for a credit rating to be actionable as a misrepresentation, a plaintiff must allege that the holder of the opinion reflected in the rating did not believe the opinion at the time that it was made. [Tolin v. Standard & Poor's Financial Services, LLC](#), 950 F. Supp. 2d 714 (S.D. N.Y. 2013).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Mutual Life Ins. Co. of New York v. Phinney](#), 178 U.S. 327, 20 S. Ct. 906, 44 L. Ed. 1088 (1900); [Catskill Development, L.L.C. v. Park Place Entertainment Corp.](#), 547 F.3d 115 (2d Cir. 2008) (applying New York law); [Ussery v. Children's Healthcare of Atlanta, Inc.](#), 289 Ga. App. 255, 656 S.E.2d 882 (2008); [American United Life Ins. Co. v. Douglas](#), 808 N.E.2d 690 (Ind. Ct. App. 2004); [Gore v. Scotland Golf, Inc.](#), 136 S.W.3d 26 (Tex. App. San Antonio 2003).
- <sup>2</sup> [Mutual Life Ins. Co. of New York v. Phinney](#), 178 U.S. 327, 20 S. Ct. 906, 44 L. Ed. 1088 (1900).
- <sup>3</sup> [Finch v. McKee](#), 18 Cal. App. 2d 90, 62 P.2d 1380 (3d Dist. 1936); [Nye Odorless Incinerator Corp. v. Felton](#), 35 Del. 236, 162 A. 504 (Super. Ct. 1931); [Kennedy v. Flo-Tronics, Inc.](#), 274 Minn. 327, 143 N.W.2d 827 (1966); [Wilson v. Jones](#), 45 S.W.2d 572 (Tex. Comm'n App. 1932).
- <sup>4</sup> [Rodowicz v. Massachusetts Mut. Life Ins. Co.](#), 192 F.3d 162 (1st Cir. 1999), as amended, (Nov. 3, 1999) (applying Massachusetts law); [Grove v. Principal Mut. Life Ins. Co.](#), 14 F. Supp. 2d 1101 (S.D. Iowa 1998) (applying Iowa law); [Peterson v. Daka Intern., Inc.](#), 61 F. Supp. 2d 634 (E.D. Mich. 1999) (applying Texas law).
- <sup>5</sup> [Rodowicz v. Massachusetts Mut. Life Ins. Co.](#), 192 F.3d 162 (1st Cir. 1999), as amended, (Nov. 3, 1999) (applying Massachusetts law); [Finch v. McKee](#), 18 Cal. App. 2d 90, 62 P.2d 1380 (3d Dist. 1936); [Wilson v. Jones](#), 45 S.W.2d 572 (Tex. Comm'n App. 1932).
- <sup>6</sup> [Han v. Horwitz](#), 2 Ariz. App. 245, 407 P.2d 786 (1965) (statement by a land salesman that holes in the ground were caused by rock collectors).  
Negligent misrepresentation does not occur, under Texas law, when a defendant simply makes a guess as to a future unknown event. [In re Absolute Resource Corp.](#), 76 F. Supp. 2d 723 (N.D. Tex. 1999).
- <sup>7</sup> [Razdan v. General Motors Corp.](#), 979 F. Supp. 755 (N.D. Ill. 1997), judgment aff'd, 234 F.3d 1273 (7th Cir. 2000) (applying Illinois law); [Peterson v. Daka Intern., Inc.](#), 61 F. Supp. 2d 634 (E.D. Mich. 1999) (applying Texas law).
- <sup>8</sup> §§ 84, 85.
- <sup>9</sup> [Little Caesar Enterprises, Inc. v. OPPCO, LLC](#), 219 F.3d 547, 2000 FED App. 0229P (6th Cir. 2000) (applying Michigan law).
- <sup>10</sup> § 252.
- <sup>11</sup> [Sorrells v. Clifford](#), 23 Ariz. 448, 204 P. 1013 (1922); [Tate v. Colony House Builders, Inc.](#), 257 Va. 78, 508 S.E.2d 597 (1999); [Gardner v. Gardner](#), 190 Wis. 2d 216, 527 N.W.2d 701 (Ct. App. 1994).

<sup>12</sup> VNA Plus, Inc. v. Apria Healthcare Group, Inc., 29 F. Supp. 2d 1253 (D. Kan. 1998) (applying Missouri law).

<sup>13</sup> §§ 71 to 78.

<sup>14</sup> Nye Odorless Incinerator Corp. v. Felton, 35 Del. 236, 162 A. 504 (Super. Ct. 1931); Hogan v. McCombs Bros., 190 Iowa 650, 180 N.W. 770 (1921).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 66

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 2. Distinctions Between Statements of Fact and Opinion

### § 66. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

Some jurisdictions state the test for whether a statement is one of opinion or of fact as whether under the circumstances surrounding the statement, the representation was intended and understood as one of fact as distinguished from one of opinion.<sup>1</sup> Stated alternately, a statement that in form is one of opinion may constitute a “statement of fact” if it may reasonably be understood by the recipient as implying that there are facts to justify the opinion or at least that there are no facts that are incompatible with it.<sup>2</sup>

Other jurisdictions state that whether statements are to be considered as matters of fact or matters of opinion depend on whether the person to whom they are made may rightly rely upon them.<sup>3</sup>

The prevailing perspective, however, appears to be that there is no certain rule which can be applied in order to determine when false representations constitute matters of opinion or matters of fact but that each case must in a large measure be adjudged upon its own facts,<sup>4</sup> taking into consideration the nature of the representation and the meaning of the language used as applied to the subject matter in the light of the surrounding circumstances.<sup>5</sup> Stated similarly, whether a statement is an actionable statement of fact or merely one of opinion often depends on the circumstances and context in which a statement is made,<sup>6</sup> and among the relevant circumstances are the statement's specificity, the speaker's knowledge, the comparative levels of the speaker's and the hearer's knowledge, and whether the statement relates to the present or the future.<sup>7</sup> Under yet another formulation of the rule, the relative knowledge of the parties, their intentions, and all of the surrounding circumstances affect the interpretation which courts put upon representations in determining whether they are representations of fact or opinion.<sup>8</sup>

When it is impossible to determine as a matter of law whether the representation is one of fact or merely the expression of an opinion, the question is generally regarded as one for the jury.<sup>9</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Whether a statement is an actionable statement of fact, as would support a fraud claim, or merely one of opinion often depends on the circumstances in which a statement is made; relevant circumstances include the statement's specificity, the speaker's knowledge, the comparative levels of the speaker's and the hearer's knowledge, and whether the statement relates to the present or the future. [O'Brien v. Daboval](#), 388 S.W.3d 826 (Tex. App. Houston 1st Dist. 2012).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Omega Engineering, Inc. v. Eastman Kodak Co.](#), 908 F. Supp. 1084, 30 U.C.C. Rep. Serv. 2d 194 (D. Conn. 1995) (applying Connecticut law).
- <sup>2</sup> [McEneaney v. Chestnut Hill Realty Corp.](#), 38 Mass. App. Ct. 573, 650 N.E.2d 93 (1995).
- <sup>3</sup> [Holland Furnace Co. v. Korth](#), 43 Wash. 2d 618, 262 P.2d 772, 41 A.L.R.2d 1166 (1953); [Madison Trust Co. v. Helleckson](#), 216 Wis. 443, 257 N.W. 691, 96 A.L.R. 992 (1934) (statements made to induce a release of liability for wrongful death).  
As to the effect of confidential relationships, generally, see §§ 34 to 39.  
As to reliance, generally, see §§ 231 to 262.
- <sup>4</sup> [Fidelity & Casualty Co. of New York v. J.D. Pittman Tractor Co.](#), 244 Ala. 354, 13 So. 2d 669 (1943); [Foreman & Clark Corp. v. Fallon](#), 3 Cal. 3d 875, 92 Cal. Rptr. 162, 479 P.2d 362 (1971); [Arkoma Basin Exploration Co., Inc. v. FMF Associates 1990-A, Ltd.](#), 249 S.W.3d 380 (Tex. 2008) (applying Virginia law); [Mortarino v. Consultant Engineering Services, Inc.](#), 251 Va. 289, 467 S.E.2d 778 (1996).
- <sup>5</sup> [VNA Plus, Inc. v. Apria Healthcare Group, Inc.](#), 29 F. Supp. 2d 1253 (D. Kan. 1998) (applying Missouri law); [Tate v. Jackson](#), 22 Ill. App. 2d 471, 161 N.E.2d 156 (4th Dist. 1959); [Russo v. Williams](#), 160 Neb. 564, 71 N.W.2d 131 (1955); [Murphy v. McIntosh](#), 199 Va. 254, 99 S.E.2d 585 (1957).
- <sup>6</sup> [Constance v. B.B.C. Development Co.](#), 25 S.W.3d 571 (Mo. Ct. App. W.D. 2000).
- <sup>7</sup> [GJP, Inc. v. Ghosh](#), 251 S.W.3d 854 (Tex. App. Austin 2008).
- <sup>8</sup> [Arkoma Basin Exploration Co., Inc. v. FMF Associates 1990-A, Ltd.](#), 249 S.W.3d 380 (Tex. 2008) (applying Virginia law).
- <sup>9</sup> § 70.



## 37 Am. Jur. 2d Fraud and Deceit § 67

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 2. Distinctions Between Statements of Fact and Opinion

### § 67. Belief or judgment of maker or recipient; Restatement definition

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

According to the Restatement Second, Torts, a representation is one of opinion if it expresses only: (1) the belief of the maker, without certainty, as to the existence of a fact; or (2) his or her judgment as to quality, value, authenticity, or other matters of judgment.<sup>1</sup> This “belief” has been characterized as a “casual belief” by some courts.<sup>2</sup> The Restatement Second, Contracts takes a similar approach, stating that an assertion is one of opinion if it expresses only a belief, without certainty, as to the existence of a fact or expresses only a judgment as to quality, value, authenticity, or similar matters.<sup>3</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Restatement Second, Torts § 538A.](#)

<sup>2</sup> [Anderson v. Deloitte & Touche, 56 Cal. App. 4th 1468, 66 Cal. Rptr. 2d 512 \(1st Dist. 1997\).](#)

<sup>3</sup> [Restatement Second, Contracts § 168\(1\).](#)

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 68

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 2. Distinctions Between Statements of Fact and Opinion

## § 68. Representation of matter susceptible of knowledge

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

To be actionable, a representation must relate to a fact that is susceptible of knowledge;<sup>1</sup> otherwise, there is nothing in relation to which the person making such representation could state what he or she knew to be untrue.<sup>2</sup>

The distinction between fact and opinion is broadly indicated by the generalization that what was susceptible of exact knowledge when the statement was made is usually considered to be a matter of fact.<sup>3</sup> Representations in regard to matters not susceptible of definite knowledge are generally to be regarded as mere expressions of opinion<sup>4</sup> even where they are made positively and as though they are based on the maker's own knowledge.<sup>5</sup> Usually, also, to say that a thing is only a matter of opinion imports that it is unsusceptible of proof<sup>6</sup> or that it cannot be verified.<sup>7</sup> Conversely, a statement is factual where it deals with existing, quantifiable data.<sup>8</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> Jensen v. Taco John's Intern., Inc., 110 F.3d 525 (8th Cir. 1997) (applying Minnesota law); Greenleaf Arms Realty Trust I, LLC v. New Boston Fund, Inc., 81 Mass. App. Ct. 282, 962 N.E.2d 221 (2012), review denied, 462 Mass. 1107, 969 N.E.2d 718 (2012); Constance v. B.B.C. Development Co., 25 S.W.3d 571 (Mo. Ct. App. W.D. 2000) (susceptible of exact knowledge).

<sup>2</sup> Sorrells v. Clifford, 23 Ariz. 448, 204 P. 1013 (1922); Kennedy v. Flo-Tronics, Inc., 274 Minn. 327, 143 N.W.2d 827 (1966); Patterson v. Bushong, 196 S.W. 962 (Tex. Civ. App. Fort Worth 1917), writ refused, (June 5, 1918).

<sup>3</sup> Nota Const. Corp. v. Keyes Associates, Inc., 45 Mass. App. Ct. 15, 694 N.E.2d 401 (1998) (actual knowledge); Reis v. Peabody Coal Co., 997 S.W.2d 49 (Mo. Ct. App. E.D. 1999); Bishop Logging Co. v. John Deere Indus. Equipment Co., 317 S.C. 520, 455 S.E.2d 183, 28 U.C.C. Rep. Serv. 2d 190 (Ct. App. 1995).

<sup>4</sup> Radioshack Corp. v. ComSmart, Inc., 222 S.W.3d 256 (Ky. Ct. App. 2007).

<sup>5</sup> Nye Odorless Incinerator Corp. v. Felton, 35 Del. 236, 162 A. 504 (Super. Ct. 1931).

<sup>6</sup> Nye Odorless Incinerator Corp. v. Felton, 35 Del. 236, 162 A. 504 (Super. Ct. 1931); Coons v. Bank of Commerce, 233 Ky. 457, 26 S.W.2d 15 (1930); Colorado Milling & Elevator Co. v. Rapides Grocery Co., 142 So. 626 (La. Ct. App. 2d Cir. 1932).

<sup>7</sup> VNA Plus, Inc. v. Apria Healthcare Group, Inc., 29 F. Supp. 2d 1253 (D. Kan. 1998) (applying Missouri law).

<sup>8</sup> Peter J. Hartmann Co. v. Capital Bank and Trust Co., 296 Ill. App. 3d 593, 230 Ill. Dec. 830, 694 N.E.2d 1108 (1st Dist. 1998).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 69

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 2. Distinctions Between Statements of Fact and Opinion

### § 69. Form of statement

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

The mere form in which a statement is made is not necessarily determinative as to whether it is a statement of fact or an expression of opinion. Thus, the mere fact that a statement takes the form of an expression of opinion is not always conclusive<sup>1</sup> but may be a relevant factor, among others, to consider.<sup>2</sup> A statement may be so expressed as to bind the person making it to its truth though it may be stated in the form of an opinion.<sup>3</sup> A statement that is in form a mere opinion, or the conclusion of the speaker, may import that the speaker knows that facts exist that support the speaker's conclusion and that the speaker does not know of the existence of facts which, if known, would cast doubt upon it.<sup>4</sup> Conversely, that a matter which necessarily rests in opinion is stated positively does not make it a statement of fact.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Wade v. Chase Manhattan Mortg. Corp.](#), 994 F. Supp. 1369 (N.D. Ala. 1997), [aff'd](#), 132 F.3d 1461 (11th Cir. 1997) (applying Alabama law); [Anderson v. Deloitte & Touche](#), 56 Cal. App. 4th 1468, 66 Cal. Rptr. 2d 512 (1st Dist. 1997); [McEneaney v. Chestnut Hill Realty Corp.](#), 38 Mass. App. Ct. 573, 650 N.E.2d 93 (1995).

<sup>2</sup> [Wade v. Chase Manhattan Mortg. Corp.](#), 994 F. Supp. 1369 (N.D. Ala. 1997), [aff'd](#), 132 F.3d 1461 (11th Cir. 1997) (applying Alabama law); [Fisher v. Davidhizar](#), 2011 UT App 270, 263 P.3d 440 (Utah Ct. App. 2011).

<sup>3</sup> [Gray v. Richmond Bicycle Co.](#), 167 N.Y. 348, 60 N.E. 663 (1901); [Holcomb & Hoke Mfg. Co. v. Auto Interurban Co.](#), 140 Wash. 581, 250 P. 34, 51 A.L.R. 39 (1926).

<sup>4</sup> § 72.

<sup>5</sup> [Fidelity & Casualty Co. of New York v. J.D. Pittman Tractor Co.](#), 244 Ala. 354, 13 So. 2d 669 (1943).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 70

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 2. Distinctions Between Statements of Fact and Opinion

## § 70. Questions of law or fact

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

While, as a general rule, the question as to whether a particular statement is one of fact or opinion is for the jury, this is not always so, for cases frequently arise that are so plainly of one class or the other that they can be disposed of by the court without the aid of the jury.<sup>1</sup> It is, however, often impossible to state as a matter of law whether a statement is an expression of the opinion of the speaker or a representation of fact to be relied upon as made within his or her knowledge, and when such is the case, the question is one of fact.<sup>2</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Batchelder v. Birchard Motors, Inc.](#), 120 Vt. 429, 144 A.2d 298 (1958).

<sup>2</sup> [Thompson v. United Companies Lending Corp.](#), 699 So. 2d 169 (Ala. Civ. App. 1997); [Pacific Gas & Elec. Co. v. Almanzo](#), 22 Ariz. 431, 198 P. 457 (1921); [Foreman & Clark Corp. v. Fallon](#), 3 Cal. 3d 875, 92 Cal. Rptr. 162, 479 P.2d 362 (1971).  
As to the status of particular representations as statements of fact or opinion, see §§ [137](#) to [193](#).

## 37 Am. Jur. 2d Fraud and Deceit § 71

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

###### a. In General

## § 71. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

There are many qualifications and modifications of the rule that actionable fraud cannot be based upon the mere expression of an opinion.<sup>1</sup> Frequently, a false assertion of even an opinion will amount to a fraud where under the circumstances the other party has a right to rely upon what is stated or represented.<sup>2</sup> Thus, an expression of opinion may amount to fraud where it is a mere contrivance of fraud, where the person to whom it was expressed has justly relied upon it and been misled,<sup>3</sup> or where it is coupled with other circumstances,<sup>4</sup> such as active fraud or concealment.<sup>5</sup> Statements of opinion may be actionable fraud where the party making the representation does so with the intent to prevent the party relying thereon from making an independent investigation of the facts.<sup>6</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Rochester Bridge Co. v. McNeill](#), 188 Ind. 432, 122 N.E. 662 (1919); [Madison Trust Co. v. Helleckson](#), 216 Wis. 443, 257 N.W. 691, 96 A.L.R. 992 (1934).

<sup>2</sup> [Bell v. Lamborn](#), 2 F.2d 205 (C.C.A. 4th Cir. 1924); [Bushey v. Coffman](#), 103 Kan. 209, 173 P. 341 (1918); [Murph v. Foxworth](#), 93 S.W.2d 817 (Tex. Civ. App. Galveston 1936).

<sup>3</sup> [Amazon v. Davidson](#), 390 So. 2d 383 (Fla. 5th DCA 1980); [Rochester Bridge Co. v. McNeill](#), 188 Ind. 432, 122 N.E. 662 (1919); [Murph v. Foxworth](#), 93 S.W.2d 817 (Tex. Civ. App. Galveston 1936).

<sup>4</sup> [Rochester Bridge Co. v. McNeill](#), 188 Ind. 432, 122 N.E. 662 (1919).

<sup>5</sup> [Amazon v. Davidson](#), 390 So. 2d 383 (Fla. 5th DCA 1980); [Gray v. Richmond Bicycle Co.](#), 167 N.Y. 348, 60 N.E.

663 (1901).

<sup>6</sup> [Baker v. United Services Auto. Ass'n](#), 661 So. 2d 128 (Fla. 1st DCA 1995).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 72

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

###### a. In General

### § 72. Where opinion imports knowledge of supporting facts; opinion stated as fact

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

The mere fact that a statement takes the form of an expression of opinion is not always conclusive, and a statement may be so expressed as to bind the person making it to its truth although stated in the form of an opinion.<sup>1</sup> A statement that is in form mere opinion, or the conclusion of the speaker, may import that the speaker knows that facts exist that support the conclusion<sup>2</sup> and that the speaker does not know of the existence of facts which, if known, would cast doubt upon it.<sup>3</sup> In actions for misrepresentation or deceit, even though a matter asserted is an opinion, it is actionable if the maker is aware of present facts incompatible with that opinion.<sup>4</sup> Otherwise stated, a statement of opinion may support fraud liability where the speaker has knowledge of facts not warranting the opinion.<sup>5</sup>

When the facts are not equally known to both parties, a statement of opinion by one who knows the facts better often involves a statement of material fact that justifies the opinion such that an action for fraud may be predicated upon the statement.<sup>6</sup>

#### Observation:

According to the view taken in the Restatement Second, Torts, a statement of opinion as to facts not disclosed and not otherwise known to the recipient may, if it is reasonable to do so, be interpreted by the recipient as an implied statement either that the facts known to the maker are not incompatible with his or her opinion or that he or she knows facts sufficient to justify him or her in forming it. In determining whether a statement of opinion may reasonably be so interpreted, the recipient's belief as to whether the maker has an adverse interest is important.<sup>7</sup>

Where a party states a matter that might otherwise be only an opinion and does not state it as the mere expression of his or her own opinion but as an existing fact material to a transaction so that the other party may reasonably treat it as a fact and rely and act upon it as such, then the statement becomes an affirmation of fact.<sup>8</sup> However, even where it is held that expressions of opinion may constitute fraudulent representations, it is so held because the person making them believes differently at the time from the way he or she expresses the opinion.<sup>9</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

For the common-law tort of misrepresentation, a statement of opinion as to facts not disclosed and not otherwise known to the recipient may in some circumstances reasonably be interpreted by him as an implied statement that the speaker knows facts sufficient to justify him in forming the opinion, or that he at least knows no facts incompatible with the opinion. [Restatement \(Second\) of Torts § 539](#). [Omnicare, Inc. v. Laborers Dist. Council Const. Industry Pension Fund](#), 135 S. Ct. 1318 (2015).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> § 69.

<sup>2</sup> [Arthur D. Little Intern., Inc. v. Dooyang Corp.](#), 928 F. Supp. 1189 (D. Mass. 1996) (applying Massachusetts law); [Grove Holding Corp. v. First Wisconsin Nat. Bank of Sheboygan](#), 12 F. Supp. 2d 885, 41 Fed. R. Serv. 3d 1595 (E.D. Wis. 1998) (applying Wisconsin law; misrepresentation claim); [Commercial Sav. Bank of Carroll, Iowa v. Kietges](#), 206 Iowa 90, 219 N.W. 44 (1928).

<sup>3</sup> [Arthur D. Little Intern., Inc. v. Dooyang Corp.](#), 928 F. Supp. 1189 (D. Mass. 1996) (applying Massachusetts law); [Poole v. Camden](#), 79 W. Va. 310, 92 S.E. 454 (1916).

<sup>4</sup> [McEneaney v. Chestnut Hill Realty Corp.](#), 38 Mass. App. Ct. 573, 650 N.E.2d 93 (1995); [General Star Indem. Co. v. Bankruptcy Estate of Lake Geneva Sugar Shack, Inc. by Waldschmidt](#), 215 Wis. 2d 104, 572 N.W.2d 881 (Ct. App. 1997).

<sup>5</sup> [People v. Webb](#), 74 Cal. App. 4th 688, 88 Cal. Rptr. 2d 259 (2d Dist. 1999).

<sup>6</sup> [Thompson v. United Companies Lending Corp.](#), 699 So. 2d 169 (Ala. Civ. App. 1997).  
As to relationships which may give rise to trust and confidence so as to permit reliance on a misrepresentation, see §§ 76, 77, 78.

<sup>7</sup> [Restatement Second, Torts § 539](#).  
The Restatement Second, Contracts takes a similar view, stating that if it is reasonable to do so, the recipient of an assertion of a person's opinion as to facts not disclosed and not otherwise known to the recipient may properly interpret it as an assertion: (a) that the facts known to that person are not incompatible with his or her opinion; or (b) that he or she knows facts sufficient to justify him or her in forming it. [Restatement Second, Contracts § 168\(2\)](#).

<sup>8</sup> [Hale v. Wolfson](#), 276 Cal. App. 2d 285, 81 Cal. Rptr. 23 (1st Dist. 1969); [Bergman and Lefkow Ins. Agency v. Flash Cab Co.](#), 110 Ill. App. 2d 415, 249 N.E.2d 729 (1st Dist. 1969).

<sup>9</sup> [Automobile Underwriters v. Rich](#), 222 Ind. 384, 53 N.E.2d 775 (1944).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 73

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

###### a. In General

## § 73. Mingling of fact and opinion

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

It is not necessary, to constitute fraud, that all the representations made in a transaction be statements of fact.<sup>1</sup> It is immaterial that some of the false representations do not separately or collectively constitute an actionable statement of fact; that some are matters of opinion will not preclude relief.<sup>2</sup> It is sufficient if there are any misrepresentations of material facts made with knowledge of their falsity and the intention that they should be relied upon, which constitute a substantial factor in inducing the transaction.<sup>3</sup> Stated otherwise, the general rule that the expression of an opinion cannot constitute fraud does not apply if in addition to expressing an opinion, material facts have been fraudulently concealed.<sup>4</sup>

A representation of knowledge of the particular facts upon which an expression of opinion is based, which facts are unknown to the representee, constitutes a misrepresentation of fact if false.<sup>5</sup> A statement that by itself might be a mere expression of opinion may be so connected with a statement of a material fact as to amount to fraud.<sup>6</sup> As the rule has otherwise been stated, there is an exception to the general rule that opinions are not actionable in fraud where the statement of opinion is so intertwined with other misstatements of fact that the representation as a whole amounts to a false representation of fact.<sup>7</sup> If the opinion misrepresents the facts upon which it is based or implies the existence of facts that are nonexistent, it constitutes an actual misrepresentation,<sup>8</sup> and the same may be true of a false opinion that is not honestly entertained and is material to the transaction when considered with other inducements, or where it is accompanied by active misrepresentation or related to a subject as to which the parties have no knowledge or means of ascertaining the proof.<sup>9</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Lake v. Thompson](#), 366 Pa. 352, 77 A.2d 364 (1951).

- <sup>2</sup> Lake v. Thompson, 366 Pa. 352, 77 A.2d 364 (1951).
- <sup>3</sup> Lake v. Thompson, 366 Pa. 352, 77 A.2d 364 (1951).
- <sup>4</sup> Reis v. Peabody Coal Co., 997 S.W.2d 49 (Mo. Ct. App. E.D. 1999) (applying Kentucky law).
- <sup>5</sup> Wilke v. Coinway, Inc., 257 Cal. App. 2d 126, 64 Cal. Rptr. 845 (1st Dist. 1967); Pacific Mut. Life Ins. Co. v. Ernst & Young & Co., 10 S.W.3d 798 (Tex. App. Dallas 2000), judgment rev'd on other grounds, 51 S.W.3d 573 (Tex. 2001); Holcomb & Hoke Mfg. Co. v. Auto Interurban Co., 140 Wash. 581, 250 P. 34, 51 A.L.R. 39 (1926).
- <sup>6</sup> Pocatello Security Trust Co. v. Henry, 35 Idaho 321, 206 P. 175, 27 A.L.R. 337 (1922); Trenholm v. Ratcliff, 646 S.W.2d 927 (Tex. 1983) (direct representations of present facts were so intertwined with the future prediction that the whole statement amounted to a representation of facts).
- <sup>7</sup> Allen v. Devon Energy Holdings, L.L.C., 367 S.W.3d 355 (Tex. App. Houston 1st Dist. 2012), petition for review filed, (May 23, 2012).
- <sup>8</sup> People v. Webb, 74 Cal. App. 4th 688, 88 Cal. Rptr. 2d 259 (2d Dist. 1999).
- <sup>9</sup> Wilke v. Coinway, Inc., 257 Cal. App. 2d 126, 64 Cal. Rptr. 845 (1st Dist. 1967).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 74

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

###### a. In General

## § 74. Opinion deliberately given falsely with intent to deceive

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

The expression of an opinion not in reality entertained may constitute actionable fraud where it is stated falsely and with intent to deceive.<sup>1</sup> Redress may be had for the dishonest expression of an opinion contrary to that really entertained by the speaker, especially if he or she is an apparently disinterested third person or if a deliberately false opinion is expressed in terms importing personal knowledge of its truth.<sup>2</sup> Otherwise stated, a statement purporting to be an opinion may be the basis for fraud if, at the time it is made, the maker of the statement holds an opinion contrary to the opinion he or she expresses, and the maker also intends to deceive the listener.<sup>3</sup> Yet another formulation of the rule is that where a speaker gives an opinion when he or she is aware of facts incompatible with such opinion, the opinion may amount to a false statement of fact if made with the intention of deceiving or misleading.<sup>4</sup>

### Observation:

This rule recognizes that the state of any person's mind at a given moment is as much a fact as the existence of any other thing.<sup>5</sup>

### Footnotes

- <sup>1</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Perez v. Alcoa Fujikura, Ltd., 969 F. Supp. 991 (W.D. Tex. 1997) (applying Texas law); Country Cove Development, Inc. v. May, 143 Idaho 595, 150 P.3d 288 (2006).
- <sup>2</sup> Bank of America Nat. Trust & Sav. Ass'n v. Hutchinson, 212 Cal. App. 2d 142, 27 Cal. Rptr. 787 (2d Dist. 1963); Kritzer v. Moffat, 136 Wash. 410, 240 P. 355, 44 A.L.R. 681 (1925).
- <sup>3</sup> Leftwich v. Gaines, 134 N.C. App. 502, 521 S.E.2d 717 (1999).
- <sup>4</sup> Country Cove Development, Inc. v. May, 143 Idaho 595, 150 P.3d 288 (2006).
- <sup>5</sup> Leftwich v. Gaines, 134 N.C. App. 502, 521 S.E.2d 717 (1999).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 75

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

###### a. In General

## § 75. Superior knowledge, or asserted superior knowledge, of person making representation

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

When a speaker purports to have special knowledge of the facts<sup>1</sup> or does have superior knowledge of the facts,<sup>2</sup> a party may maintain a fraud action based on the speaker's statement of opinion. As it is sometimes stated, the rule is that if the person expressing the opinion possesses superior knowledge, and it is a justifiable conclusion that he or she intended untruly to imply knowledge of facts such as would justify the opinion, the opinion may be regarded in law as an assertion of fact and not honestly entertained.<sup>3</sup> "Superior knowledge" in this context is a term of art which contemplates more than the possession by one party to a bargain of a greater acumen than is possessed by the other party; the concept is applied primarily in situations where assumed knowledge possessed by the party expressing the fraudulent opinion is a motivation to the other to enter into the transaction, or where the defendant has held him- or herself out as particularly knowledgeable.<sup>4</sup>

Further, where only the representor is in a position to know the information necessary to form an opinion regarding a particular matter, then those opinions may form the basis for an action for fraud.<sup>5</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [GJP, Inc. v. Ghosh](#), 251 S.W.3d 854 (Tex. App. Austin 2008).

<sup>2</sup> [Lui Ciro, Inc. v. Ciro, Inc.](#), 895 F. Supp. 1365 (D. Haw. 1995) (applying Hawaii law); [Baker v. United Services Auto. Ass'n](#), 661 So. 2d 128 (Fla. 1st DCA 1995); [Italian Cowboy Partners, Ltd. v. Prudential Ins. Co. of America](#), 341 S.W.3d 323 (Tex. 2011).

<sup>3</sup> [Bank of America Nat. Trust & Sav. Ass'n v. Hutchinson](#), 212 Cal. App. 2d 142, 27 Cal. Rptr. 787 (2d Dist. 1963)



§ 75. Superior knowledge, or asserted superior knowledge,..., 37 Am. Jur. 2d Fraud...

---

(superior knowledge or special information); *Bethlahmy v. Bechtel*, 91 Idaho 55, 415 P.2d 698 (1966); *Forest v. Elliott Truck & Tractor Sales, Inc.*, 29 A.D.2d 1031, 289 N.Y.S.2d 431 (3d Dep't 1968), order aff'd, 23 N.Y.2d 952, 298 N.Y.S.2d 730, 246 N.E.2d 531 (1969).

<sup>4</sup> *Pacesetter Homes, Inc. v. Brodtkin*, 5 Cal. App. 3d 206, 85 Cal. Rptr. 39 (2d Dist. 1970).

<sup>5</sup> *Magnaleasing, Inc. v. Staten Island Mall*, 428 F. Supp. 1039, 23 Fed. R. Serv. 2d 1569 (S.D. N.Y. 1977), judgment aff'd, 563 F.2d 567 (2d Cir. 1977).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 76

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

##### b. Where Relation of Trust and Confidence Exists

## § 76. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 222](#) (Instruction to jury—Expressions of opinion or affirmations of fact—Statements by one having expert knowledge)

It is settled that an expression of opinion may, under many circumstances, amount to fraud where there is a relation of trust and confidence between the parties.<sup>1</sup> A fiduciary relationship between the parties imposes upon the one who is trusted a duty not only to state truly all matters, whether of fact or opinion,<sup>2</sup> but also to disclose all material facts.<sup>3</sup>

#### Observation:

Under the view of the Restatement Second, Contracts, to the extent that an assertion is one of opinion only, the recipient is not justified in relying on it unless the recipient: (1) stands in such a relation of trust and confidence to the person whose opinion is asserted that the recipient is reasonable in relying on it; or (2) reasonably believes that, as compared with himself or herself the person whose opinion is asserted has special skill, judgment or objectivity with respect to the subject matter; or (3) is for some other special reason particularly susceptible to a misrepresentation of the type involved.<sup>4</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- <sup>1</sup> Vokes v. Arthur Murray, Inc., 212 So. 2d 906, 28 A.L.R.3d 1405 (Fla. 2d DCA 1968); Cheung-Loon, LLC v. Cergon, Inc., 2012 WL 1678105 (Tex. App. Dallas 2012); Tetreault v. Campbell, 115 Vt. 369, 61 A.2d 591 (1948).
- <sup>2</sup> Armstrong v. Accrediting Council for Continuing Educ. & Training, Inc., 961 F. Supp. 305 (D.D.C. 1997); Burgdorfer v. Thielemann, 153 Or. 354, 55 P.2d 1122, 104 A.L.R. 1407 (1936); Poole v. Camden, 79 W. Va. 310, 92 S.E. 454 (1916).
- <sup>3</sup> § 201.
- <sup>4</sup> Restatement Second, Contracts § 169.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 77

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

##### b. Where Relation of Trust and Confidence Exists

## § 77. Scope of relationship necessary to give rise to liability

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

An expression traditionally considered an opinion may be considered an expression of fact, thereby becoming actionable under a theory of fraudulent misrepresentation, where the relationship of the parties, the extent of reliance, and the opportunity for investigation so warrant.<sup>1</sup> In order to hold one liable for fraud for the expression of an opinion, the relationship between the parties need not be a formal fiduciary or confidential one in all instances, such as the relationship of trustee and cestui que trust. It is sufficient that the representor had superior knowledge,<sup>2</sup> or the representor held him- or herself out as having superior knowledge, and knew that the representee confided in the representor and was guided by the representor's opinion.<sup>3</sup>

#### Caution:

Unlike a fraudulent misrepresentation, the assertion of a confidential or fiduciary relationship may be mandatory when dealing with fraudulent concealment since in such a relationship, the duty to speak is clear, thus making concealment of a material fact fraudulent.<sup>4</sup> Additionally, the existence of a fiduciary or confidential relationship is a mandated element of a claim for constructive fraud.<sup>5</sup> Nonetheless, an exception to the general rule that a prediction or opinion is not a representation of fact on which one is entitled to rely applies where the person making the representation owes the listener a fiduciary duty.<sup>6</sup>

**§ 77. Scope of relationship necessary to give rise to liability, 37 Am. Jur. 2d Fraud and...**

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

**Footnotes**

- <sup>1</sup> [Veilleux v. National Broadcasting Co., Inc.](#), 8 F. Supp. 2d 23 (D. Me. 1998).
- <sup>2</sup> [§ 76.](#)
- <sup>3</sup> [Lui Ciro, Inc. v. Ciro, Inc.](#), 895 F. Supp. 1365 (D. Haw. 1995) (applying Hawaii law); [In re Northwestern Mut. Life Ins. Co. Sales Practices Litigation](#), 70 F. Supp. 2d 466 (D.N.J. 1999), [aff'd](#), 259 F.3d 717 (3d Cir. 2001) (applying Alabama law); [Bethlahmy v. Bechtel](#), 91 Idaho 55, 415 P.2d 698 (1966).
- <sup>4</sup> [§ 201.](#)
- <sup>5</sup> [§ 25.](#)
- <sup>6</sup> [Armstrong v. Accrediting Council for Continuing Educ. & Training, Inc.](#), 961 F. Supp. 305 (D.D.C. 1997) (applying District of Columbia law).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 78

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 3. Qualifications of, and Exceptions to, Rule Holding Opinions Nonactionable

##### b. Where Relation of Trust and Confidence Exists

## § 78. Scope of relationship necessary to give rise to liability—Opinion of professional advisor

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 222](#) (Instruction to jury—Expressions of opinion or affirmations of fact—Statements by one having expert knowledge)

Under certain circumstances, expressions of professional opinion are treated as representations of fact; when a statement, although in the form of an opinion, is not a casual expression of belief but a deliberate affirmation of the matters stated, it may be regarded as a positive assertion of fact.<sup>1</sup>

In the case of a professional advisor, liability for fraud may be imposed if the advisor expresses to another who depends upon the advisor an opinion within the scope of his or her professional capacity which the advisor knows not to be true.<sup>2</sup> Thus, liability in tort for fraud is imposed upon one who is employed to advise upon matters within the scope of his or her professional capacity and who expresses an opinion known not to be true.<sup>3</sup> When a professional has a specific awareness that a third party will rely on his or her advice or opinion, the furnishing of which is for that very purpose, and there is reliance thereon, tort liability will ensue if the professional report or opinion is fraudulently prepared.<sup>4</sup>

Knowledge of the falsity of his or her opinion is not requisite, however, in order to impose liability in damages, for where the advisor's duty is to present correct statements and give sound advice, it is futile to say that there is no liability because the matter of advice would, except for the professional employment, be regarded as mere opinion.<sup>5</sup> Thus, an advisor is liable where the opinion is made under such circumstances that the law must necessarily impute knowledge of its falsity to him or

her.<sup>6</sup>

**Observation:**

A representation of law is an opinion and generally cannot form the basis of an action for fraud in the absence of a fiduciary relationship.<sup>7</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- <sup>1</sup> B.L.M. v. Sabo & Deitsch, 55 Cal. App. 4th 823, 64 Cal. Rptr. 2d 335 (4th Dist. 1997).
- <sup>2</sup> Vokes v. Arthur Murray, Inc., 212 So. 2d 906, 28 A.L.R.3d 1405 (Fla. 2d DCA 1968); Squyres v. Christian, 242 S.W.2d 786 (Tex. Civ. App. Texarkana 1951), dismissed.
- <sup>3</sup> Lietz v. Primock, 84 Ariz. 273, 327 P.2d 288, 67 A.L.R.2d 1262 (1958) (attorney); Lane v. Inhabitants of Town of Harmony, 112 Me. 25, 90 A. 546 (1914) (architect); Tvedt v. Haugen, 70 N.D. 338, 294 N.W. 183, 132 A.L.R. 379 (1940) (physician).
- <sup>4</sup> Rodin Properties-Shore Mall, N.V. v. Ullman, 264 A.D.2d 367, 694 N.Y.S.2d 374 (1st Dep't 1999).
- <sup>5</sup> Tvedt v. Haugen, 70 N.D. 338, 294 N.W. 183, 132 A.L.R. 379 (1940) (physician).
- <sup>6</sup> Collins v. Chipman, 41 Tex. Civ. App. 563, 95 S.W. 666 (1906), writ refused; Squyres v. Christian, 242 S.W.2d 786 (Tex. Civ. App. Texarkana 1951), dismissed.
- <sup>7</sup> § 101.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 79

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 4. Commendatory Trade Talk; Promotion and “Puffery”

## § 79. Generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West’s Key Number Digest

West’s Key Number Digest, [Fraud](#)  11

### Trial Strategy

[Liability of Product Endorser for Personal Injury Caused by Defective Product, 29 Am. Jur. Proof of Facts 149](#)

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 221](#) (Instruction to jury—Commendatory trade talk as mere expressions of opinion)

It is a broad generalization that commendatory language is not construed as importing a representation upon which a charge of fraud may be based.<sup>1</sup> Applying this principle to the factual business transaction in which the question most often arises, the rule is well settled that mere general commendations of property sought to be sold,<sup>2</sup> commonly known as “sales talk,”<sup>3</sup> “trade talk,”<sup>4</sup> “dealer’s talk,”<sup>5</sup> “seller’s statements,”<sup>6</sup> “sales propaganda,”<sup>7</sup> “promotion,”<sup>8</sup> or “puffing” or “puffery,”<sup>9</sup> do not amount to actionable misrepresentations where the parties deal at arm’s length<sup>10</sup> and have equal means of information and are equally qualified to judge the value of the property sold.<sup>11</sup> To such statements, the maxim of “caveat emptor” applies.<sup>12</sup>



**Observation:**

In determining whether a statement is puffery for negligent misrepresentation purposes, the context matters; the relative expertise of the speaker and the listener can be a critical factor, along with the size of the audience.<sup>13</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Statements made in manufacturer's advertisements for diesel engine vehicle, regarding the "high-quality" and "safety" of its vehicles, the vehicle's "clean diesel" engine, and the vehicle's "more efficient combustion" and improved "performance," and stating that the vehicle's engine generated "at least 90% less nitrogen oxide and particulate emissions when compared to previous-generation diesels," constituted non-actionable puffery and, thus, did not support fraud claim. [Counts v. General Motors, LLC, 237 F. Supp. 3d 572 \(E.D. Mich. 2017\)](#).

Marketing statements by company that sold memberships in personalized healthcare program, that program would provide "exceptional" doctors, care, and results, and that affiliated doctors were "finest national specialists" and a "fraternity of some of the nation's finest physicians," were mere puffery and not actionable as fraudulent misrepresentations or misleading advertising by member who was allegedly injured due to medical malpractice by program physician; status of being the "finest" or the "best" was a matter of opinion, and statements describing what made an "exceptional doctor" were statements of opinion concerning such things as credentials and reputation. [Fla. Stat. Ann. § 817.40\(5\). MDVIP, Inc. v. Beber, 222 So. 3d 555 \(Fla. 4th DCA 2017\)](#).

While determining whether a statement is puffery for purposes of a fraudulent representation claim is usually a question of fact it can at times be a question of law, and courts should apply the usual summary judgment standard to figure out which label fits more closely in a given case. [W.S.A. 100.18. United Concrete & Const., Inc. v. Red-D-Mix Concrete, Inc., 2013 WI 72, 836 N.W.2d 807 \(Wis. 2013\)](#).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Lefebvre Intergraphics, Inc. v. Sanden Mach. Ltd., 946 F. Supp. 1358, 34 U.C.C. Rep. Serv. 2d 385 \(N.D. Ill. 1996\) \(applying Illinois law\); Constance v. B.B.C. Development Co., 25 S.W.3d 571 \(Mo. Ct. App. W.D. 2000\); Reich v. Mitrani Plasterers Co., Inc., 268 A.D.2d 256, 701 N.Y.S.2d 368 \(1st Dep't 2000\); Tate v. Colony House Builders, Inc., 257 Va. 78, 508 S.E.2d 597 \(1999\).](#)  
As to remedies of buyers for seller's fraud as breach of a warranty, see [Am. Jur. 2d, Sales §§ 1075 to 1084](#).
- <sup>2</sup> [Atlantic Nat. Bank of Boston v. Korrick, 29 Ariz. 468, 242 P. 1009, 43 A.L.R. 1184 \(1926\); Thomas v. Mississippi Val. Gas Co., 237 Miss. 100, 113 So. 2d 535 \(1959\); Castleman v. Stryker, 107 Or. 48, 213 P. 436 \(1923\).](#)
- <sup>3</sup> [Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 \(6th Cir. 2012\) \(applying Kentucky law\); Russell v. Wilson, 991 So. 2d 745 \(Ala. Civ. App. 2008\).](#)
- <sup>4</sup> [Atlantic Nat. Bank of Boston v. Korrick, 29 Ariz. 468, 242 P. 1009, 43 A.L.R. 1184 \(1926\); Herrill v. Rugg, 114 Cal. App. 492, 300 P. 140 \(1st Dist. 1931\); Tate v. Colony House Builders, Inc., 257 Va. 78, 508 S.E.2d 597 \(1999\).](#)

- <sup>5</sup> Presidio Enterprises, Inc. v. Warner Bros. Distributing Corp., 784 F.2d 674 (5th Cir. 1986); King v. Codisco, Inc., 217 Ga. App. 704, 458 S.E.2d 881 (1995); Dyer v. Caldcleugh and Powers, 392 S.W.2d 523 (Tex. Civ. App. Corpus Christi 1965), writ refused n.r.e., (Jan. 26, 1966).
- <sup>6</sup> Sorrells v. Clifford, 23 Ariz. 448, 204 P. 1013 (1922); Castleman v. Stryker, 107 Or. 48, 213 P. 436 (1923); Patterson v. Bushong, 196 S.W. 962 (Tex. Civ. App. Fort Worth 1917), writ refused, (June 5, 1918).
- <sup>7</sup> Constance v. B.B.C. Development Co., 25 S.W.3d 571 (Mo. Ct. App. W.D. 2000).
- <sup>8</sup> Trans-Spec Truck Service, Inc. v. Caterpillar Inc., 524 F.3d 315, 70 Fed. R. Serv. 3d 568, 65 U.C.C. Rep. Serv. 2d 633 (1st Cir. 2008) (applying Massachusetts law).
- <sup>9</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Shroyer v. New Cingular Wireless Services, Inc., 622 F.3d 1035 (9th Cir. 2010) (applying California law); Russell v. Wilson, 991 So. 2d 745 (Ala. Civ. App. 2008); Hanson-Suminski v. Rohrman Midwest Motors, Inc., 386 Ill. App. 3d 585, 325 Ill. Dec. 461, 898 N.E.2d 194 (1st Dist. 2008); Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009); Harrison v. Avalon Properties, LLC, 246 S.W.3d 587 (Tenn. Ct. App. 2007).
- <sup>10</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Morris v. Budd, 226 Ga. App. 455, 486 S.E.2d 682 (1997); Hodson v. Wells & Dickey Co., 31 N.D. 395, 154 N.W. 193 (1915); Castleman v. Stryker, 107 Or. 48, 213 P. 436 (1923); Stewart v. Larkin, 74 Wash. 681, 134 P. 186 (1913).
- <sup>11</sup> Republic Bank & Trust Co. v. Bear Stearns & Co., Inc., 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law); Sorrells v. Clifford, 23 Ariz. 448, 204 P. 1013 (1922); Landis v. Rodgers, 1926 OK 735, 119 Okla. 233, 249 P. 398 (1926); Tate v. Colony House Builders, Inc., 257 Va. 78, 508 S.E.2d 597 (1999).
- <sup>12</sup> Thomas v. Mississippi Val. Gas Co., 237 Miss. 100, 113 So. 2d 535 (1959); Molloy v. Brown, 364 Pa. 92, 70 A.2d 336 (1950).  
As to the effect of fraud, generally, on “caveat emptor,” see § 81.
- <sup>13</sup> Alpine Bank v. Hubbell, 555 F.3d 1097 (10th Cir. 2009).

## 37 Am. Jur. 2d Fraud and Deceit § 80

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 4. Commendatory Trade Talk; Promotion and “Puffery”

### § 80. Rationale underlying rule

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West’s Key Number Digest

West’s Key Number Digest, [Fraud](#)  11

The rule deeming trade talk not to be tantamount to representation is based on the universal practice of the seller to recommend the article or thing offered for sale and to employ more or less extravagant language in connection therewith.<sup>1</sup> Exaggerated statements as to value, quality, etc., do no more than express the opinion of the speaker,<sup>2</sup> and the law does not impose strict accountability for those vague commendations of a seller’s wares that are manifestly open to differences of opinion and that do not imply untrue assertions concerning matters of direct observation,<sup>3</sup> being rather in the nature of exaggerations and meaningless superlatives, the truth or falsity of which cannot be precisely determined.<sup>4</sup> The buyer cannot have relied on such commendations<sup>5</sup> and has no right to do so.<sup>6</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

<sup>1</sup> [Sorrells v. Clifford](#), 23 Ariz. 448, 204 P. 1013 (1922); [Castleman v. Stryker](#), 107 Or. 48, 213 P. 436 (1923); [Patterson v. Bushong](#), 196 S.W. 962 (Tex. Civ. App. Fort Worth 1917), writ refused, (June 5, 1918).  
Sales talk or puffing is a universal and an expected practice and does not amount to actionable misrepresentation. [Republic Bank & Trust Co. v. Bear Stearns & Co., Inc.](#), 683 F.3d 239 (6th Cir. 2012) (applying Kentucky law).

<sup>2</sup> [Russell v. Wilson](#), 991 So. 2d 745 (Ala. Civ. App. 2008); [Home Depot U.S.A., Inc. v. Wabash Nat. Corp.](#), 314 Ga. App. 360, 724 S.E.2d 53 (2012); [Miller v. J and Q Automotive, Inc.](#), 2010 Mass. App. Div. 41, 2010 WL 1139244 (2010); [Harrison v. Avalon Properties, LLC](#), 246 S.W.3d 587 (Tenn. Ct. App. 2007).

<sup>3</sup> [Hogan v. McCombs Bros.](#), 190 Iowa 650, 180 N.W. 770 (1921); [Castleman v. Stryker](#), 107 Or. 48, 213 P. 436 (1923); [Patterson v. Bushong](#), 196 S.W. 962 (Tex. Civ. App. Fort Worth 1917), writ refused, (June 5, 1918).

<sup>4</sup> [Hanson-Suminski v. Rohrman Midwest Motors, Inc.](#), 386 Ill. App. 3d 585, 325 Ill. Dec. 461, 898 N.E.2d 194 (1st Dist.

2008).

<sup>5</sup> [Speakers of Sport, Inc. v. ProServ, Inc.](#), 178 F.3d 862 (7th Cir. 1999); [Atlantic Nat. Bank of Boston v. Korrick](#), 29 Ariz. 468, 242 P. 1009, 43 A.L.R. 1184 (1926); [Morris v. Budd](#), 226 Ga. App. 455, 486 S.E.2d 682 (1997).

For negligent misrepresentation purposes, the term “puffery” is used to characterize those vague generalities that no reasonable person would rely on as assertions of particular facts. [Alpine Bank v. Hubbell](#), 555 F.3d 1097 (10th Cir. 2009) (applying Colorado law).

<sup>6</sup> § 252.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 81

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 4. Commendatory Trade Talk; Promotion and “Puffery”

## § 81. Exceptions to rule of nonliability; distinction between deceptive representation and “puffing”

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West’s Key Number Digest

West’s Key Number Digest, [Fraud](#)  11

### A.L.R. Library

[Computer sales and leases: breach of warranty, misrepresentation, or failure of consideration as defense or ground for affirmative relief, 37 A.L.R.4th 110](#)

### Trial Strategy

[Misrepresentation in Automobile Sales, 13 Am. Jur. Trials 253](#)

The doctrine of nonresponsibility for mere trade talk has no application to false representations of material facts that are in their nature calculated to deceive and are made with the intent to deceive,<sup>1</sup> particularly where the parties do not stand on an equal footing or have equal means of knowing the truth,<sup>2</sup> or to representations of value that are made to induce an ignorant person to enter into a contract and upon which he or she relies, to his or her detriment.<sup>3</sup> Otherwise stated, the decisive test to determine whether a seller’s statements are mere inactionable puffing is whether the seller asserts a fact of which the buyer is ignorant or merely states an opinion or judgment on a matter of which the seller has no special knowledge and on which the buyer may be expected also to have an opinion and to exercise his or her judgment.<sup>4</sup>

In a plain case of cheating, swindling, or gross duplicity, the rule of caveat emptor should have no application.<sup>5</sup> Furthermore, it may be safely said that the tendency is to hold a merchant to a fairly strict accountability for representations made in connection with the sale of goods.<sup>6</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

On charge of false advertising and consumer confusion under Lanham Act, competitor's claim of "lasting" performance with regard to large tote towel was not non-actionable "blustering" or "boasting," and did not sound like non-actionable "puffery," since it had been stated as fact. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a). *Hall v. Bed Bath & Beyond, Inc.*, 705 F.3d 1357 (Fed. Cir. 2013).

Statements on prefabricated steel building distributor's website, that it had "zero unresolved customer issues" and "a history of 100% customer satisfaction" were not mere puffery, and thus were actionable as false advertising, as they were specific, measurable claims that could be evaluated as true or false. *General Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158 (D. Colo. 2015).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> *Harris v. Rosenberger*, 145 F. 449 (C.C.A. 8th Cir. 1906); *Weitzel v. Jukich*, 73 Idaho 301, 251 P.2d 542 (1952); *Hogan v. McCombs Bros.*, 190 Iowa 650, 180 N.W. 770 (1921).
- <sup>2</sup> *Bethlahmy v. Bechtel*, 91 Idaho 55, 415 P.2d 698 (1966); *Weitzel v. Jukich*, 73 Idaho 301, 251 P.2d 542 (1952).
- <sup>3</sup> *Landis v. Rodgers*, 1926 OK 735, 119 Okla. 233, 249 P. 398 (1926).
- <sup>4</sup> *Helena Chemical Co. v. Wilkins*, 18 S.W.3d 744 (Tex. App. San Antonio 2000), judgment aff'd, 47 S.W.3d 486 (Tex. 2001).
- <sup>5</sup> *Fourth Nat. Bank v. Webb*, 131 Kan. 167, 290 P. 1, 71 A.L.R. 619 (1930).
- <sup>6</sup> *Hogan v. McCombs Bros.*, 190 Iowa 650, 180 N.W. 770 (1921); *Bell v. Bradshaw*, 342 S.W.2d 185 (Tex. Civ. App. Dallas 1960).

## 37 Am. Jur. 2d Fraud and Deceit § 82

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 4. Commendatory Trade Talk; Promotion and “Puffery”

## § 82. Applications of rule and exceptions

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West’s Key Number Digest

West’s Key Number Digest, [Fraud](#)  11

Some of the statements to which the general rule of nonresponsibility for commendatory language has been applied are:

- “best price” claims<sup>1</sup>
- representations as to the advantages of a purchase<sup>2</sup>
- statements as to the status of a particular product in comparison with competitor’s products, or as an innovation in the industry<sup>3</sup>
- a statement that consumers will receive “all the advantages that only the nation’s largest wireless company can provide”<sup>4</sup>
- statements regarding computer software or hardware to the effect that the use of the product will improve business operations or profitability<sup>5</sup> or keep the consumer “up to date”<sup>6</sup>
- statements that the product is of the “highest quality”<sup>7</sup> or is “mechanically fine,” “mechanically sound,” and in “good shape”<sup>8</sup>
- statements by a broker’s agent as to the advantages of consigning merchandise to the broker for sale<sup>9</sup>
- representations made by the seller of a business or agency to the buyer concerning the agency’s goodwill and good customer relations<sup>10</sup>

### Observation:

Purported misrepresentations that are conclusory may be deemed to constitute mere puffery where they are contradicted by the written agreement between the parties.<sup>11</sup>

Footnotes

- <sup>1</sup> Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009).
- <sup>2</sup> Midwest Printing, Inc. v. AM Intern., Inc., 108 F.3d 168, 32 U.C.C. Rep. Serv. 2d 134 (8th Cir. 1997) (applying Missouri law); Griffin v. H. L. Peterson Co., 427 S.W.2d 140 (Tex. Civ. App. Dallas 1968).
- <sup>3</sup> All-Tech Telecom, Inc. v. Amway Corp., 174 F.3d 862, 38 U.C.C. Rep. Serv. 2d 88 (7th Cir. 1999) (statement that product was “the best”); Midwest Printing, Inc. v. AM Intern., Inc., 108 F.3d 168, 32 U.C.C. Rep. Serv. 2d 134 (8th Cir. 1997) (applying Missouri law); Huddleston v. Infertility Center of America, Inc., 700 A.2d 453 (Pa. Super. Ct. 1997).
- <sup>4</sup> Shroyer v. New Cingular Wireless Services, Inc., 622 F.3d 1035 (9th Cir. 2010).
- <sup>5</sup> Scheduled Airlines Traffic Offices, Inc. v. Objective Inc., 180 F.3d 583 (4th Cir. 1999) (applying Virginia law).
- <sup>6</sup> Peerless Wall and Window Coverings, Inc. v. Synchronics, Inc., 85 F. Supp. 2d 519, 41 U.C.C. Rep. Serv. 2d 462 (W.D. Pa. 2000), order aff’d, 234 F.3d 1265 (3d Cir. 2000).
- <sup>7</sup> Serbalik v. General Motors Corp., 246 A.D.2d 724, 667 N.Y.S.2d 503 (3d Dep’t 1998); Tate v. Colony House Builders, Inc., 257 Va. 78, 508 S.E.2d 597 (1999).  
A motion picture distributor’s representations to a film exhibitor concerning the quality of a film it was scheduled to release are merely dealers’ talk or puffery. Presidio Enterprises, Inc. v. Warner Bros. Distributing Corp., 784 F.2d 674 (5th Cir. 1986).
- <sup>8</sup> Russell v. Wilson, 991 So. 2d 745 (Ala. Civ. App. 2008).
- <sup>9</sup> Atlantic Nat. Bank of Boston v. Korrick, 29 Ariz. 468, 242 P. 1009, 43 A.L.R. 1184 (1926).
- <sup>10</sup> Dyer v. Caldcleugh and Powers, 392 S.W.2d 523 (Tex. Civ. App. Corpus Christi 1965), writ refused n.r.e., (Jan. 26, 1966).
- <sup>11</sup> Sheth v. New York Life Ins. Co., 273 A.D.2d 72, 709 N.Y.S.2d 74 (1st Dep’t 2000).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 83

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### B. Necessity that Representation Be of Fact; Opinions

##### 4. Commendatory Trade Talk; Promotion and “Puffery”

## § 83. Applications of rule and exceptions—Statements in advertisements, catalogs, circulars, etc

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  11

### A.L.R. Library

[Products Liability: Statements in Advertisements as Affecting Liability of Manufacturers or Sellers for Injury Caused by Product Other than Tobacco, 93 A.L.R.5th 103](#)

[Actionable nature of advertising impugning quality or worth of merchandise or products, 42 A.L.R.4th 318 \(secs. 3-9 superseded in part by Defamation of Manufacturer, Regarding Product, Other than Through Statement Charging Breach or Nonperformance of Contract, 104 A.L.R.5th 523\)](#)

[What constitutes “false advertising” of food products or cosmetics within secs. 5 and 12 of the Federal Trade Commission Act \(15 U.S.C.A. secs. 45, 52\), 50 A.L.R. Fed. 16](#)

### Trial Strategy

[Liability for Airing False or Misleading Television Infomercials, 37 Am. Jur. Proof of Facts 3d 259](#)

[Sports Memorabilia Dealer's Liability to Collector, 33 Am. Jur. Proof of Facts 3d 359](#)

Statements or claims in newspaper advertisements, catalogs, circulars, etc., by a seller, may give rise to actions for fraud or misrepresentation.<sup>1</sup> An advertisement may be fraudulent although every sentence in it, separately considered, is literally true,

if things are omitted that should have been said, or if it is composed or purposefully printed in such a way as to mislead.<sup>2</sup> That exceptionally acute and sophisticated readers may be able by penetrating analysis to decipher the true nature of an advertisement does not necessarily mean that the advertisement is not fraudulent, but rather, the question of fraud should be determined in the light of the effect the advertisement would most probably produce on ordinary minds.<sup>3</sup> However, the rule by which the seller of goods is bound for false representations as to the nature thereof, contained in circulars or advertisements displayed to the public at and prior to the time of sale, which may be presumed to have become a part of the inducement of the contract, is limited to representations of fact and does not include mere statements of opinion as to the nature or quality of the property.<sup>4</sup> Representations or statements made in advertisements or circulars by one having goods to sell, as to their quality or worth, may be mere nonactionable “dealer’s talk” or “puffing,”<sup>5</sup> and the same possibility applies with respects to statements in a company’s press release.<sup>6</sup>

The rule requiring reliance upon a misrepresentation in order to recover for fraud<sup>7</sup> is fully applicable where a seller’s representations appear in an advertisement.<sup>8</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Automobile manufacturer’s representation in advertising materials that its trucks met federal nitrogen oxide emissions standards was not mere puffery, since emissions standards were quantifiable and specific, and thus such representation, if false, could support buyers’ civil claims under Racketeer Influenced and Corrupt Organizations Act. 18 U.S.C.A. § 1962. *Bledsoe v. FCA US LLC*, 378 F. Supp. 3d 626 (E.D. Mich. 2019).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> *Economy Hog & Cattle Powder Co. v. Compton*, 192 Ind. 222, 135 N.E. 1 (1922); *Chesus v. Watts*, 967 S.W.2d 97 (Mo. Ct. App. W.D. 1998); *Stad v. Grace Downs Model and Air Career School*, 65 Misc. 2d 1095, 319 N.Y.S.2d 918 (N.Y. Civ. Ct. 1971).

<sup>2</sup> *Donaldson v. Read Magazine*, 333 U.S. 178, 68 S. Ct. 591, 92 L. Ed. 628 (1948).

<sup>3</sup> *Donaldson v. Read Magazine*, 333 U.S. 178, 68 S. Ct. 591, 92 L. Ed. 628 (1948).

<sup>4</sup> *Alpine v. Friend Bros.*, 244 Mass. 164, 138 N.E. 553 (1923); *Ralston Purina Co. v. Iiams*, 143 Neb. 588, 10 N.W.2d 452 (1943).

<sup>5</sup> *Glen Holly Entertainment, Inc. v. Tektronix, Inc.*, 100 F. Supp. 2d 1086 (C.D. Cal. 1999) (rejected on other grounds by, *Petersen v. Allstate Indem. Co.*, 281 F.R.D. 413 (C.D. Cal. 2012)) (applying California law); *Minnesota Forest Products, Inc. v. Ligna Machinery, Inc.*, 17 F. Supp. 2d 892, 37 U.C.C. Rep. Serv. 2d 273 (D. Minn. 1998); *Dobbin v. Pacific Coast Coal Co.*, 25 Wash. 2d 190, 170 P.2d 642 (1946).

<sup>6</sup> *Shroyer v. New Cingular Wireless Services, Inc.*, 622 F.3d 1035 (9th Cir. 2010).

<sup>7</sup> § 231.

<sup>8</sup> *Rachlin v. Libby-Owens-Ford Glass Co.*, 96 F.2d 597 (C.C.A. 2d Cir. 1938); *Dobbin v. Pacific Coast Coal Co.*, 25 Wash. 2d 190, 170 P.2d 642 (1946).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit IV C Refs.

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

### IV. False Representations

#### C. Matters of Futurity; Promises and Statements of Intention

[Topic Summary](#) | [Correlation Table](#)

## Research References

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  [12](#), [27](#), [28](#)

### A.L.R. Library

A.L.R. Index, Constructive Fraud

A.L.R. Index, Fraud and Deceit

West's A.L.R. Digest, [Fraud](#)  [12](#), [27](#), [28](#)

---

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 84

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

###### 1. In General; Statements as to Events in Future

## § 84. General rule against liability

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  12

### A.L.R. Library

[Employer's misrepresentations as to employee's or agent's future earnings as actionable fraud, 16 A.L.R.3d 1311](#)

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 214](#) (Instruction to jury—Representation regarding future act or promise not fraudulent—Exception for present intent not to perform)

Generally, fraud must relate to a present or preexisting fact,<sup>1</sup> and, although they may give rise to an action for breach of contract,<sup>2</sup> mere unfulfilled promises to do a particular thing in the future do not constitute fraud in and of themselves.<sup>3</sup> Similarly, mere predictions,<sup>4</sup> projections,<sup>5</sup> or expressions of opinion about what will occur in the future,<sup>6</sup> including results to be anticipated in the future from known and recognized conditions,<sup>7</sup> do not constitute fraud even though they turn out to be false, at least where they are not made with intent to deceive, and where the parties have equal means of knowledge,<sup>8</sup> or the subject is equally open to the investigation of both,<sup>9</sup> and an examination has not been fraudulently prevented.<sup>10</sup> Such statements are generally regarded as mere expressions of opinion,<sup>11</sup> or mere promises or conjectures,<sup>12</sup> or trade talk or puffing,<sup>13</sup> which must have been understood by the other party to be such<sup>14</sup> and on which the other party has no right to rely.<sup>15</sup> As one court has observed, mere optimism, even excessive optimism, is not actionable in fraud.<sup>16</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Under Maryland law, alleged statements by employee of company that prepared and administered standardized college admission test advising test taker and his father, upon company's canceling test score, that the option of providing documentation to individual score review panel was the best approach and that company would very likely preserve test taker's score, were merely estimates or opinions and thus could not be basis for fraud. [Cherdak v. ACT, Inc., 437 F. Supp. 3d 442 \(D. Md. 2020\)](#).

Opinions and predictions cannot form the basis of a fraud claim because they do not speak to matters of fact; thus, a representation consisting of promise or a statement as to a future event will not serve as basis for fraud, even though it was made under circumstances as to knowledge and belief which would give rise to an action for fraud had it related to an existing or past fact. [April Beguesse, Inc. v. Rammell, 328 P.3d 480 \(Idaho 2014\)](#).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> § 63.

<sup>2</sup> [Merrill Lynch & Co. Inc. v. Allegheny Energy, Inc., 500 F.3d 171 \(2d Cir. 2007\) \(applying New York law\)](#).

<sup>3</sup> § 87.

<sup>4</sup> [Sindecuse v. Katsaros, 541 F.3d 801 \(8th Cir. 2008\) \(applying Missouri law\)](#); [Onusko v. JP Morgan Chase Bank, NA, 824 F. Supp. 2d 635 \(D. Md. 2011\) \(applying Maryland law\)](#); [General Retirement System of City of Detroit v. UBS, AG, 799 F. Supp. 2d 749 \(E.D. Mich. 2011\) \(applying New York law\)](#); [Ussery v. Children's Healthcare of Atlanta, Inc., 289 Ga. App. 255, 656 S.E.2d 882 \(2008\)](#); [Country Cove Development, Inc. v. May, 143 Idaho 595, 150 P.3d 288 \(2006\)](#).

<sup>5</sup> [Grove v. Principal Mut. Life Ins. Co., 14 F. Supp. 2d 1101 \(S.D. Iowa 1998\) \(applying Iowa law\)](#); [Illinois Non-Profit Risk Management Ass'n v. Human Service Center of Southern Metro-East, 378 Ill. App. 3d 713, 318 Ill. Dec. 732, 884 N.E.2d 700 \(4th Dist. 2008\)](#).

<sup>6</sup> [Koch v. Koch Industries, Inc., 969 F. Supp. 1460 \(D. Kan. 1997\)](#), *aff'd in part, rev'd in part on other grounds*, 203 F.3d 1202, 53 Fed. R. Evid. Serv. 663, 46 Fed. R. Serv. 3d 204 (10th Cir. 2000) (applying Kansas law); [Pacesetter Motors, Inc. v. Nissan Motor Corp. in U.S.A., 913 F. Supp. 174 \(W.D. N.Y. 1996\) \(applying New York law\)](#); [Gontrum v. Mayor and City Council of Baltimore, 182 Md. 370, 35 A.2d 128 \(1943\)](#).

<sup>7</sup> [Herman v. Mutual Life Ins. Co. of New York, 108 F.2d 678, 127 A.L.R. 1458 \(C.C.A. 3d Cir. 1939\)](#); [Wade v. Chase Manhattan Mortg. Corp., 994 F. Supp. 1369 \(N.D. Ala. 1997\)](#), *aff'd*, 132 F.3d 1461 (11th Cir. 1997) (applying Alabama law); [Lescher v. Baird, 173 Ark. 1033, 294 S.W. 17 \(1927\)](#).

<sup>8</sup> [Lescher v. Baird, 173 Ark. 1033, 294 S.W. 17 \(1927\)](#); [Gontrum v. Mayor and City Council of Baltimore, 182 Md. 370, 35 A.2d 128 \(1943\)](#); [Kennedy v. Flo-Tronics, Inc., 274 Minn. 327, 143 N.W.2d 827 \(1966\)](#).

<sup>9</sup> [Bell v. Southern Home Bldg. & Loan Ass'n, 140 Ala. 371, 37 So. 237 \(1904\)](#); [Lescher v. Baird, 173 Ark. 1033, 294 S.W. 17 \(1927\)](#); [Halpern v. Cafarelli, 98 N.J.L. 77, 118 A. 684 \(N.J. Sup. Ct. 1922\)](#).

- <sup>10</sup> Lescher v. Baird, 173 Ark. 1033, 294 S.W. 17 (1927).
- <sup>11</sup> Glen Holly Entertainment, Inc. v. Tektronix, Inc., 100 F. Supp. 2d 1086 (C.D. Cal. 1999) (rejected on other grounds by, Petersen v. Allstate Indem. Co., 281 F.R.D. 413 (C.D. Cal. 2012)) (applying California law); McCutchen Co., Inc. v. Media General, Inc., 988 So. 2d 998 (Ala. 2008); Jobe v. Akowchek, 259 A.D.2d 735, 687 N.Y.S.2d 417 (2d Dep't 1999).
- <sup>12</sup> Millen Industries, Inc. v. Flexo-Accessories Co., Inc., 5 F. Supp. 2d 72 (D. Mass. 1998) (applying Massachusetts law); General Retirement System of City of Detroit v. UBS, AG, 799 F. Supp. 2d 749 (E.D. Mich. 2011) (applying New York law); Griffin v. State Bank of Cochran, 312 Ga. App. 87, 718 S.E.2d 35 (2011).
- <sup>13</sup> Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009).  
Trade talk or puffing, generally, see §§ 79 to 83.
- <sup>14</sup> Engemann v. Allen, 201 Ky. 483, 257 S.W. 25 (1923); Halpern v. Cafarelli, 98 N.J.L. 77, 118 A. 684 (N.J. Sup. Ct. 1922); O'Dell v. Appalachian Hotel Corporation, 153 Va. 283, 149 S.E. 487, 68 A.L.R. 629 (1929); Bushnell v. Elkins, 34 Wyo. 495, 245 P. 304, 51 A.L.R. 13 (1926).
- <sup>15</sup> § 252.
- <sup>16</sup> Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 85

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

##### 1. In General; Statements as to Events in Future

### § 85. General rule against liability—Illustrative applications

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

#### A.L.R. Library

[False representations as to income, profits, or productivity of property as fraud, 27 A.L.R.2d 14](#)

The general rule that statements about the future which turn out to be false do not give rise to liability for fraud<sup>1</sup> generally applies in sales of real<sup>2</sup> or personal<sup>3</sup> property and in trades or exchanges.<sup>4</sup> Illustrations of the rule are found in decisions holding that fraud cannot be based upon representations concerning the future value, profitability,<sup>5</sup> or prospects<sup>6</sup> of a business, such as representations of future insolvency;<sup>7</sup> representations of the capacity of a corporation to produce product in the future;<sup>8</sup> or representations as to future prospects of gain,<sup>9</sup> such as a prediction that corporate stock will triple in value within a year<sup>10</sup> or six months;<sup>11</sup> or predictions as to how mining claims will turn out in the matter of yield.<sup>12</sup> It has been said in this regard that forward-looking opinions about investment prospects or future sales performance generally cannot be the basis for a fraud claim.<sup>13</sup> Also within the class of representations of futurity that will not result in liability are:

- assurances of the outcome or result of litigation<sup>14</sup>
- statements or representations that a series of law books, to be published at stated intervals, will be continued so long as another publishing company continues to publish certain of its books<sup>15</sup>
- representations that it will take a certain time for a sales agency to “clean up” its present orders<sup>16</sup>
- an assurance by an owner of a tract of land, when selling lots thereon restricted to residential purposes, that the whole tract will be so restricted<sup>17</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes



1 §§ 84, 85.

2 Ayers v. Southern Pac. R. Co., 173 Cal. 74, 159 P. 144 (1916); Jobe v. Akowchek, 259 A.D.2d 735, 687 N.Y.S.2d 417  
(2d Dep't 1999).

3 Kennedy v. Flo-Tronics, Inc., 274 Minn. 327, 143 N.W.2d 827 (1966) (corporate stock); American Law Book Co. v.  
Fulwiler, 219 S.W. 881 (Tex. Civ. App. El Paso 1920).

4 Nelson v. Van Schaack & Co., 87 Colo. 199, 286 P. 865 (1930); Brinkley v. Arnold, 98 Fla. 166, 123 So. 569 (1929).

5 Boulden v. Stilwell, 100 Md. 543, 60 A. 609 (1905); Haney v. Parkison, 72 Or. 249, 143 P. 926 (1914); Patterson v.  
Bushong, 196 S.W. 962 (Tex. Civ. App. Fort Worth 1917), writ refused, (June 5, 1918).  
As to statements credit, solvency, and financial standing, generally, see §§ 184 to 193.

6 McCormick v. Jackson, 209 N.C. 359, 183 S.E. 369 (1936); Patterson v. Bushong, 196 S.W. 962 (Tex. Civ. App. Fort  
Worth 1917), writ refused, (June 5, 1918); Bushnell v. Elkins, 34 Wyo. 495, 245 P. 304, 51 A.L.R. 13 (1926).

7 Boulden v. Stilwell, 100 Md. 543, 60 A. 609 (1905); Patterson v. Bushong, 196 S.W. 962 (Tex. Civ. App. Fort Worth  
1917), writ refused, (June 5, 1918).  
As to statements regarding credit, solvency, and financial standing, generally, see §§ 184 to 193.

8 Evans v. Gray, 215 So. 2d 40 (Fla. 3d DCA 1968).

9 Williamson v. Holt, 147 N.C. 515, 61 S.E. 384 (1908); Patterson v. Bushong, 196 S.W. 962 (Tex. Civ. App. Fort  
Worth 1917), writ refused, (June 5, 1918).

10 Kennedy v. Flo-Tronics, Inc., 274 Minn. 327, 143 N.W.2d 827 (1966).

11 Sparks v. State, 256 So. 2d 537 (Fla. 4th DCA 1972), writ discharged, 273 So. 2d 74 (Fla. 1973).

12 Burwash v. Ballou, 230 Ill. 34, 82 N.E. 355 (1907).

13 Flegles, Inc. v. TruServ Corp., 289 S.W.3d 544 (Ky. 2009).

14 Bailey v. Diamond Intern. Corp., 47 A.D.2d 363, 367 N.Y.S.2d 107 (3d Dep't 1975).

15 Bigelow v. Barnes, 121 Minn. 148, 140 N.W. 1032 (1913).

16 Lowther v. Hays, 225 S.W.2d 708 (Mo. 1950).

17 Sprague v. Kimball, 213 Mass. 380, 100 N.E. 622 (1913).

## 37 Am. Jur. 2d Fraud and Deceit § 86

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

###### 1. In General; Statements as to Events in Future

## § 86. Exceptions and qualifications, generally

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  12

If the person making the statement as to a future event is guilty of an actual fraudulent intent, and makes the misrepresentation with the intention of deceiving and defrauding the other party and accomplishes this result to the latter's injury, fraud may, under many circumstances, be predicated thereon, notwithstanding the future nature of the representation. This conclusion is reached frequently on the theory that a person's intention or belief is a matter of fact and that, therefore, if a misrepresentation is made with regard to the same, the misrepresentation is one of fact.<sup>1</sup> Where a person fraudulently and positively, as with personal knowledge, states that something is to be done or is to occur when he or she knows that it is not to be done or to occur, the statement will support an action in fraud. This is not a case of prophecy or predication of something that it is merely hoped or expected will occur in the future but a specific affirmation of an arrangement under which something is to occur where the party making the affirmation knows perfectly well that no such thing is to occur; such statements and representations, when false, are actionable.<sup>2</sup> False representations as to future events will constitute fraud where these events depend upon the acts of the party making the representations and form the inducement whereby the other party is led into the transaction,<sup>3</sup> or most often where the future event is within the control of the person making the representation,<sup>4</sup> or where the speaker knows that the hearer understands the speaker to mean that facts within the speaker's knowledge warrant the expectations being raised,<sup>5</sup> or where one knows that the other party is guided by his or her statements.<sup>6</sup>

A representation regarding future conduct can, in some situations, give rise to constructive fraud.<sup>7</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Under Kentucky law, statement as to future conduct may form basis for misrepresentation claim if made with intent to induce

other party to enter into contract. *C.A.F. & Associates, LLC v. Portage, Inc.*, 913 F. Supp. 2d 333 (W.D. Ky. 2012).

**[END OF SUPPLEMENT]**

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

**Footnotes**

- <sup>1</sup> *Polusky v. Allstate Petroleum, Inc.*, 180 So. 2d 815 (La. Ct. App. 4th Cir. 1965); *Thieman v. Thieman*, 218 S.W.2d 580 (Mo. 1949); *City of Houston v. Howe & Wise*, 373 S.W.2d 781 (Tex. Civ. App. Houston 1963), writ refused n.r.e., (Apr. 22, 1964); *Weir v. School Dist. No. 201, Klickitat County*, 200 Wash. 172, 93 P.2d 308, 123 A.L.R. 1057 (1939).
- <sup>2</sup> *Outlook Windows Partnership v. York Intern. Corp.*, 112 F. Supp. 2d 877, 43 U.C.C. Rep. Serv. 2d 546 (D. Neb. 2000) (applying Nebraska law).  
Representations that property bought for a warehouse would not be flooded in the future have been held to support a charge of fraud where the possibility of flooding existed, and the representor was apparently aware of it. *People's Furniture & Appliance Co. v. Healy*, 365 Mich. 522, 113 N.W.2d 802 (1962).
- <sup>3</sup> *Elastic Paint & Mfg. Co. v. Johnson*, 127 Or. 647, 271 P. 996 (1928); *Tunkle v. Padgett*, 160 S.C. 274, 158 S.E. 693 (1931); *Palmetto Bank & Trust Co. v. Grimsley*, 134 S.C. 493, 133 S.E. 437, 51 A.L.R. 42 (1926).  
Liability based on promises and statements of intention, generally, see §§ 87 to 100.
- <sup>4</sup> *Outlook Windows Partnership v. York Intern. Corp.*, 112 F. Supp. 2d 877, 43 U.C.C. Rep. Serv. 2d 546 (D. Neb. 2000) (applying Nebraska law); *Ryann Spencer Group, Inc. v. Assurance Co. of America*, 275 S.W.3d 284 (Mo. Ct. App. E.D. 2008).
- <sup>5</sup> *Davis v. Louisville Trust Co.*, 181 F. 10 (C.C.A. 6th Cir. 1910); *Freggens v. Clark*, 100 N.J. Eq. 389, 135 A. 681 (Ch. 1927); *Russell v. Industrial Transp. Co.*, 113 Tex. 441, 251 S.W. 1034, 51 A.L.R. 1 (Comm'n App. 1923), aff'd, 113 Tex. 441, 258 S.W. 462, 51 A.L.R. 1 (1924).
- <sup>6</sup> *People's Furniture & Appliance Co. v. Healy*, 365 Mich. 522, 113 N.W.2d 802 (1962).
- <sup>7</sup> *Epperly v. Johnson*, 734 N.E.2d 1066 (Ind. Ct. App. 2000).  
As to constructive fraud, see § 25.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 87

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

##### 2. Promises and Statements of Intention

##### a. In General

### § 87. General rule of nonliability

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  12

#### A.L.R. Library

[Employer's misrepresentation as to prospect, or duration of, employment as actionable fraud, 24 A.L.R.3d 1412](#)

Subject to certain exceptions and qualifications,<sup>1</sup> the general rule is that mere unfulfilled promises to do a particular thing in the future do not constitute fraud in and of themselves.<sup>2</sup> Thus, fraud cannot be predicated upon the mere nonperformance of a promise or contractual obligation,<sup>3</sup> or upon failure to fulfill an agreement to do something at a future time<sup>4</sup> or to make good subsequent conditions which have been assured.<sup>5</sup> Such nonperformance alone has frequently been held not even to constitute evidence of fraud.<sup>6</sup>

#### Observation:

Reasons given for the rule not permitting predication of fraud on promises that are merely unkept subsequently are that a mere promise to perform an act in the future is not, in a legal sense, a representation<sup>7</sup> or statement of existing or past fact,<sup>8</sup> and a person has no right to rely on such a promise or statement.<sup>9</sup> A mere failure to perform a promise does not change its character.<sup>10</sup> Moreover, a representation that something will be done in the future,<sup>11</sup> or a promise to do it,<sup>12</sup> cannot, from its nature, be true or false at the time when it is made. The failure to make it good is merely a breach of contract, which must be remedied by an action on the contract, if at all.<sup>13</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

<sup>1</sup> §§ 89 to 92.

<sup>2</sup> Hart v. Bayer Corp., 199 F.3d 239 (5th Cir. 2000) (applying Mississippi law); Cook v. Little Caesar Enterprises, Inc., 210 F.3d 653, 2000 FED App. 0147P (6th Cir. 2000) (applying Michigan law); Trade Finance Partners, LLC v. AAR Corp., 573 F.3d 401 (7th Cir. 2009) (applying New York law); Futch v. Lowndes County, 297 Ga. App. 308, 676 S.E.2d 892 (2009); Ira G. Steffy & Son, Inc. v. Citizens Bank of Pennsylvania, 2010 PA Super 175, 7 A.3d 278 (2010), appeal denied, 27 A.3d 1015 (Pa. 2011); Supervalu, Inc. v. Johnson, 276 Va. 356, 666 S.E.2d 335 (2008).

<sup>3</sup> OHM Remediation Services Corp. v. Hughes Environmental Systems, Inc., 952 F. Supp. 120 (N.D. N.Y. 1997) (applying New York law); Yield Dynamics, Inc. v. TEA Systems Corp., 154 Cal. App. 4th 547, 66 Cal. Rptr. 3d 1 (6th Dist. 2007), as modified on denial of reh'g, (Sept. 21, 2007); Adams v. G.J. Creel and Sons, Inc., 320 S.C. 274, 465 S.E.2d 84 (1995); Kajima Intern., Inc. v. Formosa Plastics Corp., USA, 15 S.W.3d 289 (Tex. App. Corpus Christi 2000) (noting that otherwise, every breach of contract would amount to fraud).

<sup>4</sup> Citizens Nat. Bank of Glasgow v. Damron, 286 Ky. 43, 149 S.W.2d 762 (1941); Howard v. Reaume, 310 Mich. 119, 16 N.W.2d 686 (1944); Farmers Union Co-op. Royalty Co. v. Southward, 1938 OK 237, 183 Okla. 402, 82 P.2d 819 (1938).

<sup>5</sup> Mario's Pizzeria, Inc. v. Federal Sign & Signal Corp., 379 S.W.2d 736 (Ky. 1964); Credit Indus. Co. v. Adams County Lumber & Supply Co., 215 Miss. 282, 60 So. 2d 790 (1952); Alms & Doepke Co. v. Young, 20 Ohio L. Abs. 325, 1935 WL 1910 (Ct. App. 1st Dist. Hamilton County 1935).

<sup>6</sup> § 490.

<sup>7</sup> Howard v. Reaume, 310 Mich. 119, 16 N.W.2d 686 (1944); Blow v. Indemnity Ins. Co. of North America, 66 S.W.2d 469 (Tex. Civ. App. Beaumont 1933).

<sup>8</sup> Citizens Nat. Bank of Glasgow v. Damron, 286 Ky. 43, 149 S.W.2d 762 (1941).

<sup>9</sup> § 252.

<sup>10</sup> Credit Indus. Co. v. Adams County Lumber & Supply Co., 215 Miss. 282, 60 So. 2d 790 (1952).

<sup>11</sup> Colorado Milling & Elevator Co. v. Rapides Grocery Co., 142 So. 626 (La. Ct. App. 2d Cir. 1932); Alms & Doepke Co. v. Young, 20 Ohio L. Abs. 325, 1935 WL 1910 (Ct. App. 1st Dist. Hamilton County 1935).

<sup>12</sup> Turner Elkhorn Coal Co. v. Smith, 239 Ky. 428, 39 S.W.2d 649 (1931); Soble v. Herman, 175 Va. 489, 9 S.E.2d 459 (1940).

<sup>13</sup> Tom Hughes Marine, Inc. v. American Honda Motor Co., Inc., 219 F.3d 321 (4th Cir. 2000) (applying South Carolina law); Appel v. Hupfield, 198 Md. 374, 84 A.2d 94 (1951).

## 37 Am. Jur. 2d Fraud and Deceit § 88

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

##### 2. Promises and Statements of Intention

##### a. In General

### § 88. General rule of nonliability—Illustrative applications

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Pursuant to the rule that mere promissory statements or unkept promises cannot be made the basis of fraud,<sup>1</sup> it has been held that fraud cannot be predicated on:

- promises to make<sup>2</sup> or to pay<sup>3</sup> loans
- promises of employment<sup>4</sup>
- promises involving domestic relations<sup>5</sup>
- a representation by a county medical examiner and a medical research institute, to a putative organ donor's mother, that the institute would take a sample of the putative donor's brain tissue, which representation was made to obtain the mother's consent<sup>6</sup>
- promises concerning the winning of contests<sup>7</sup>
- promises of payment for services upon completion of rendering the service<sup>8</sup>
- promises as to the management of plaintiff's pension plan involving future performance<sup>9</sup>
- promises involving corporate stock<sup>10</sup>

Similarly, it has been held that fraud cannot be premised on a statement by a vendor of realty that the vendee will not have to use any money but that the vendor's obligation will be only to resell the lots and turn the proceeds over to the vendor until payment is made;<sup>11</sup> on a lessor's promise to a lessee of part of a building that he will not lease all the building to a lessee of another part thereof on the expiration of the promisee's lease unless such other lessee will pay the promisee the price the promisee is demanding from him or her for certain furniture and the promisee's lease interest.<sup>12</sup>

An assertion that one will be indicted for crime and sent to the penitentiary unless a particular thing is done does not amount to fraud,<sup>13</sup> nor does a declaration that one is going to get out of a company, and that the person to whom the representation is made will be voted out, amount to fraud.<sup>14</sup>

On the other hand, deliberately false statements of intention and deliberately fraudulent promises may serve as the basis of a charge of fraud,<sup>15</sup> and this rule is illustrated where—

- a used car dealer falsely promises to obtain liability insurance for a car buyer.<sup>16</sup>
- a purchaser of a business falsely represents the intention to take up residence and run the business, but actually represents others who seek dissolution of the business.<sup>17</sup>
- a lender's false or reckless misrepresentation that it would provide financing after knowingly permitting the prospective borrower to incur debts or other obligations in reliance thereon.<sup>18</sup>

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

#### Footnotes

- <sup>1</sup> § 87.
- <sup>2</sup> *Ritchie Capital Management, L.L.C. v. Jeffries*, 653 F.3d 755 (8th Cir. 2011); *Kiser v. Richardson*, 91 Kan. 812, 139 P. 373 (1914).
- <sup>3</sup> *Ramsey v. Reynierson*, 200 Ky. 624, 255 S.W. 274 (1923).  
As to statements regarding credit, solvency, and financial standing, generally, see §§ 184 to 193.
- <sup>4</sup> § 142.
- <sup>5</sup> *Miller v. Miller*, 242 Iowa 706, 46 N.W.2d 732 (1951) (promise by a husband to return an automobile to his wife when a divorce was obtained).  
Even if a prospective father-in-law promised a prospective son-in-law that if he married his daughter he would have permanent employment with the father-in-law's company and could take the company over in the future, and the father-in-law did employ the son-in-law after marriage, discharge of the son-in-law after the marriage failed did not constitute fraud. *Kashan v. Best Metropolitan Towel & Linen Supply Co., Inc.*, 51 A.D.2d 730, 379 N.Y.S.2d 140 (2d Dep't 1976).  
As to promises to marry, see § 140.
- <sup>6</sup> *Adams v. King County*, 164 Wash. 2d 640, 192 P.3d 891 (2008).
- <sup>7</sup> *Brown v. C.A. Pierce & Co.*, 229 Mass. 44, 118 N.E. 266 (1918) (promise of winning a prize in a voting contest).
- <sup>8</sup> *Hunt v. Lewis*, 87 Vt. 528, 90 A. 578 (1914) (promise to pay attorneys as soon as their services were performed).
- <sup>9</sup> *Stoler v. Metropolitan Life Ins. Co.*, 287 So. 2d 694 (Fla. 3d DCA 1974).
- <sup>10</sup> *Campbell v. Eastern Bldg. & Loan Ass'n of New York*, 98 Va. 729, 37 S.E. 350 (1900); *Sweeny v. Sweeny Inv. Co.*, 199 Wash. 135, 90 P.2d 716, 139 A.L.R. 847 (1939).
- <sup>11</sup> *State Bank of Iowa Falls v. Brown*, 142 Iowa 190, 119 N.W. 81 (1909).  
As to promises relating to improvements to property, see §§ 145, 146.  
As to statements relating to the value, cost, and income of property, generally, see §§ 170 to 183.
- <sup>12</sup> *Rankin v. Burnham*, 150 Wash. 615, 274 P. 98 (1929).
- <sup>13</sup> *Alms & Doepke Co. v. Young*, 20 Ohio L. Abs. 325, 1935 WL 1910 (Ct. App. 1st Dist. Hamilton County 1935); *Kathan v. Comstock*, 140 Wis. 427, 122 N.W. 1044 (1909).
- <sup>14</sup> *Boulden v. Stilwell*, 100 Md. 543, 60 A. 609 (1905); *Alms & Doepke Co. v. Young*, 20 Ohio L. Abs. 325, 1935 WL 1910 (Ct. App. 1st Dist. Hamilton County 1935).
- <sup>15</sup> § 91.
- <sup>16</sup> *Valdez v. Taylor Auto. Co.*, 129 Cal. App. 2d 810, 278 P.2d 91 (2d Dist. 1954).
- <sup>17</sup> *Peoples Sav. Bank v. Stoddard*, 359 Mich. 297, 102 N.W.2d 777, 83 A.L.R.2d 344 (1960).

§ 88. General rule of nonliability—Illustrative applications, 37 Am. Jur. 2d Fraud and...

---

<sup>18</sup> [Banker's Trust Co. of Western New York v. Steenburn](#), 95 Misc. 2d 967, 409 N.Y.S.2d 51 (Sup 1978), judgment [aff'd](#), 70 A.D.2d 786, 418 N.Y.S.2d 723 (4th Dep't 1979).

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.



## 37 Am. Jur. 2d Fraud and Deceit § 89

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

##### 2. Promises and Statements of Intention

##### a. In General

## § 89. Assertions of intention or declarations of purpose; distinctions and exceptions

[Topic Summary](#) | [Correlation Table](#) | [References](#)

### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  12

### Trial Strategy

[Lender Liability for Negligent Misrepresentation Made to Business Loan Applicant, 19 Am. Jur. Proof of Facts 3d 477](#)

### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 215](#) (Instruction to jury—When false representations concerning intention or state of mind may constitute actionable fraud)

As in the case of promises, it is generally held that mere assertions of intention,<sup>1</sup> or declarations of future purpose,<sup>2</sup> do not amount to fraud. Some courts, however, draw a distinction between cases where the representation of an intention is in fact a mere promise collateral to the contract and where it amounts to an affirmation of a present state of mind, and they hold that a representation of an intention as existing may, if false, avoid a contract induced thereby, on the ground that the state of a person's mind is a fact and, hence, that a misstatement as to it is a misstatement of fact.<sup>3</sup> At any rate, statements relating to a party's intentions are under some circumstances held to be statements as to material existing facts.<sup>4</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Under Massachusetts law, employee's allegations regarding misrepresentations allegedly made by his employer failed to state an intentional misrepresentation claim against employer; employee failed to allege that statement regarding employer's future succession plan misrepresented the actual intention of employer at the time it was made, as required to support a misrepresentation claim based on a statement of future intention, and employee failed to sufficiently allege that employer's alleged promise to formalize long-term incentive plan and its failure to offer note and mortgage in connection with home loan caused him any harm. [Robert Reiser & Company v. Scriven](#), 130 F. Supp. 3d 488 (D. Mass. 2015).

### [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

- <sup>1</sup> [Riley v. Byrne](#), 145 Mont. 138, 399 P.2d 980 (1965); [Lanz v. Naddy](#), 82 N.W.2d 809 (N.D. 1957); [Orion Refining Corp. v. UOP](#), 259 S.W.3d 749 (Tex. App. Houston 1st Dist. 2007) (applying Illinois law).
- <sup>2</sup> [Colorado Milling & Elevator Co. v. Rapides Grocery Co.](#), 142 So. 626 (La. Ct. App. 2d Cir. 1932); [Boulden v. Stilwell](#), 100 Md. 543, 60 A. 609 (1905); [Rankin v. Burnham](#), 150 Wash. 615, 274 P. 98 (1929).
- <sup>3</sup> [99 Pratt St. Corp. v. Stand Realty Corp.](#), 27 Conn. Supp. 101, 230 A.2d 613 (Super. Ct. 1966); [Thieman v. Thieman](#), 218 S.W.2d 580 (Mo. 1949); [Adams v. Clark](#), 239 N.Y. 403, 146 N.E. 642 (1925); [Bryant v. Bruner](#), 593 S.W.2d 358 (Tex. Civ. App. Texarkana 1979).
- <sup>4</sup> §§ 90, 91.

---

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.

## 37 Am. Jur. 2d Fraud and Deceit § 90

American Jurisprudence, Second Edition | May 2021 Update

### Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

#### IV. False Representations

##### C. Matters of Futurity; Promises and Statements of Intention

##### 2. Promises and Statements of Intention

##### a. In General

### § 90. Misrepresentation of existing state of mind or present intent

[Topic Summary](#) | [Correlation Table](#) | [References](#)

#### West's Key Number Digest

West's Key Number Digest, [Fraud](#)  12

#### A.L.R. Library

[Employer's misrepresentation as to prospect, or duration of, employment as actionable fraud, 24 A.L.R.3d 1412](#)

#### Trial Strategy

[Promise Made with Intent not to Perform, 5 Am. Jur. Proof of Facts 2d 727](#)

#### Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 215](#) (Instruction to jury—When false representations concerning intention or state of mind may constitute actionable fraud)

An existing purpose or state of mind may be misrepresented and thus constitute a misrepresentation of fact.<sup>1</sup> Most courts hold that if the falsity of the statement can be established, a misrepresentation of intent is an actionable misrepresentation of fact.<sup>2</sup>

## CUMULATIVE SUPPLEMENT

### Cases:

Employer's alleged misrepresentation to prospective employee that position involved managing employer's existing workload, not procuring clients, was a statement of present fact, not expression of future expectations, and thus was sufficient to support a fraudulent inducement claim. [Laduzinski v. Alvarez & Marsal Taxand LLC](#), 16 N.Y.S.3d 229, 2015 WL 5008378 (App. Div. 1st Dep't 2015).

## [END OF SUPPLEMENT]

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

### Footnotes

<sup>1</sup> [Perimeter Realty v. GAPI, Inc.](#), 243 Ga. App. 584, 533 S.E.2d 136 (2000); [Connor v. Bruce](#), 983 S.W.2d 625 (Mo. Ct. App. S.D. 1999); [Adams v. Clark](#), 239 N.Y. 403, 146 N.E. 642 (1925); [Maulding v. Niemeyer](#), 241 S.W.2d 733 (Tex. Civ. App. El Paso 1951).

<sup>2</sup> [Major v. Christian County Livestock Market, Inc.](#), 300 S.W.2d 246 (Ky. 1957); [Thieman v. Thieman](#), 218 S.W.2d 580 (Mo. 1949); [Roberts v. James](#), 83 N.J.L. 492, 85 A. 244 (N.J. Ct. Err. & App. 1912); [Kritzer v. Moffat](#), 136 Wash. 410, 240 P. 355, 44 A.L.R. 681 (1925).